Daily Report

Central Eurasia

FBIS-SOV-96-035
Wednesday
21 February 1996

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FBIS-SOV-96-035 *21 February 1996*

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Terrorist Activity

Russia: Pervomayskoye Hostage Execution Claim Proves False

LD2102100096 Moscow ITAR-TASS in English 0905 GMT 21 Feb 96

[By Viktor Yelmakov]

[FBIS Transcribed Text] Novosibirsk February 21 (ITAR-TASS) — 36 out of 37 Russian policemen, taken hostage by Chechen terrorists in the Daghestani village of Pervomayskoye in January, have returned to their home town of Novosibirsk, thus refuting the official Russian claim that six of them had been executed by the terrorists.

The claim was used as a moral pretext for launching a combat operation to free hostages in Pervomayskoye, which actually wiped the village off the earth, but failed to eliminate the terrorists of Salman Raduyev and save all of the hostages.

One policeman was killed in Pervomayskoye during the operation, according to Aleksandr Soinov, the head of the Novosibirsk police. It was not clear whether he was killed by the terrorists or died in the shelling by federal forces which used "Grad" multiple-rocket launchers in the hostage-freeing operation.

The 37 policemen at the checkpoint in Pervomayskoye, on the Daghestani-Chechen border, were ordered to let the busses with the terrorists and hostages through and not to open fire. They fulfilled the order and the convoy passed to Chechnya. However, it was stopped there by helicopter gunships and returned back to Pervomayskoye where the terrorists, this time, seized the policemen who had the order not to open fire. 17 of them were taken by the terrorists to Chechnya, while others managed to flee during the storming of Pervomayskoye.

Five slightly wounded policemen were then exchanged by the terrorists for the bodies of the militants killed in the assault, while the last 12 policemen were exchanged for nine terrorists captured in Pervomayskoye.

On Wednesday the 12 policemen arrived in Novosibirsk.

"The Novosibirsk policemen fulfilled their duty with dignity at the checkpoint in Pervomayskoye and behaved courageously in captivity", said Colonel Akhmed Adiyev from the Daghestani police who negotiated the exchange.

Soinov, in his turn, said all the policemen would be named for state decorations.

Russia: Situation in Novogroznenskiy Detailed

MM2102110696 Moscow IZVESTIYA in Russian 21 Feb 96 p 1

[Article by Yuriy Snegirev and Aleksandr Kakotkin: "Heavy Fighting in Novogroznenskiy"]

[FBIS Translated Text] Novogroznenskiy/Moscow — A federal troop operation to destroy guerrillas in the settlement of Novogroznenskiy began on the morning of 20 February. Street fighting is going on. In individual buildings the guerrillas have set up strong points from which they are carrying out blanket firing. As ITAR-TASS correspondents reported, the guerrillas have lost around 120 men, and the resistance fighters are demanding reinforcements from Aslan Maskhadov's main staff.

In general what has been happening around the settlement in the past few days is very reminiscent of last year's events in the village of Sasmashki, and in terms of results it could even outdo them.

The same information vacuum has taken shape here (for 10 days now journalists have not been allowed in). Everything that television has been showing in recent days is library footage from two or three weeks ago. IZVESTIYA's correspondents are evidently the only Russian reporters to have managed — a few days ago — to get into the actual settlement.

This was our third visit to Novogroznenskiy in the space of a month. So the dynamics of events have developed before our very eyes, you might say. This big settlement (officially designated an urban-type settlement with a population of more than 10,000) has always been distinguished by its antipathy toward both the federal authorities and official Groznyy. After Gudermes was taken Novogroznenskiy was the only remaining settlement on the Rostov-Baku road controlled by Dudayev's forces. Basayev, Rasuyev, and Maskhadov regularly and demonstratively showed up there. Even 10 days ago not only armed guerrillas but even small boys with machine guns were openly walking the streets here. The federals clearly could not put up with this for very long. And after the successful debut involving the surrender of weapons in the village of Shatoy they set their sights on Novogroznenskiy.

The first disarmament proposal to representatives of the rebel settlement was made last Monday by Doku Zavgayev himself and Anatoliy Kvashnin, commander of the North Caucasus [Military] District. But whereas several outlying villages agreed to continuing talking, the response from Novogroznenskiy was a sharp refusal. It was then that A. Kvashnin made his comment about razing the settlement to the ground in 30 minutes. This

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did not work either, and it was decided to punish the recalcitrants as an example.

This time the federals drew a few conclusions from previous similar operations. Having patiently assessed the village they opened preparation fire.

As IZVESTIYA was told by Basyr Dadayev, leader of the Chechen community of Khasavyurt, who has links with the settlement, Novogroznenskiy is currently being pounded daily by "Grads" from the Dagestan direction and air strikes from the Groznyy direction. In his words, what is happening is mainly bombing from aircraft; an actual assault is not being mounted. The rumble of explosions can be heard even in Khasavyurt (25 Kilometers away). As for news agency reports about civilians leaving the settlement and around 1,000 guerrillas moving in, Basyr Dadayev rebutted this information. According to his information, there are still plenty of civilians in the settlement, whereas only a handful of guerrillas remain.

IZVESTIYA's correspondents obtained indirect confirmation of these words last Wednesday in the actual settlement. On that day there was not a single armed man to be seen on the streets, the commandant's office was shut, and even the famous "eternal" rally by the gas pump on the Groznyy-Baku road had ended. Only at the market in the center of the village was it slightly more lively. Nor did we notice trenches or other serious fortifications, with the exception of a few fortified checkpoints at the main intersections. The guerrillas also seemed to have come to their senses. Field commander Nazar Edilkhadzhiyev, sporting a Turkish "Loyalty to Islam" decoration on his chest, said:

"Do you think we'd be idiot enough to sit around in trenches while bombs fall on us? We will just head for the hills. There are enough paths."

In his words, the settlement is not suitable for serious defense: There are no basements, only cellars, and no trenches have been dug between buildings, as in Pervomayskoye.

So the attacking troops' tactics will most likely constitute a combination of the Samashki and Pervomayskoye operations. Most civilians will be allowed to leave, and the main guerrilla forces will slip out with them. Those remaining will be hit district by district and emplacement by emplacement, as in Pervomayskoye, followed by a Samashki-type punitive clean-up operation.

We will most probably learn many details of the operation at a news conference which will be held very soon by Maskhadov, Basayev, and Raduyev, who, as always, will get clean away through the "dense ring of federals."

Russia: Grachev Claims 200 Rebels Killed in Novogroznenskiy

LD2102100996 Moscow Radio Rossii Network in Russian 0900 GMT 21 Feb 96

[FBIS Translated Text] Federal forces lost three men and 12 wounded over the past day as they pursued their operation against rebel units in Novogroznenskiy and cleared the village of Dudayevites. Several media sources have reported civilian casualties. Federal forces found documents belonging to Jordanian mercenaries in the village.

Russian Defense Minister Pavel Grachev said today that over 200 pro-Dudayev rebels were wiped out in Novogroznenskiy. Visiting the Burdenko hospital in Moscow, he said the armed forces had suffered losses of four killed and 19 wounded. He conceded that Interior Ministry troops had sustained greater losses but did not say how many.

Russia: Federal Troops Report 3 Losses in Novogroznenskiy

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[FBIS Translated Text] The losses of the federal forces in the course of fighting a group of rebels in Novogroznenskiy and of clearing the village of Dudayevites for the past day are the following: three killed and 12 injured. This was reported at the news center of the Russian Interior Ministry troops in Groznyy. The number of those killed among rebels is now being confirmed. The snipers have discovered a large number of mine traps and ammunition in the village. According to the news center, 800 antiaircraft rounds and about 50 mines have been detected. The federal troops also have documents of the mercenaries from Jordan who were among the rebels fighting in the village.

Military Activity

Russia: Federal Troops Expel Dudayev Forces From Novogroznenskiy

LD2102100196 Moscow ITAR-TASS World Service in Russian 0531 GMT 21 Feb 96

[By ITAR-TASS correspondent]

[FBIS Translated Text] Moscow, 21 Feb (ITAR-TASS) — The operation to clear the militants out of Novogroznenskiy was completed on Tuesday evening, and since dawn sappers have been clearing the mines. Even the first information shows that the Dudayev forces left a large number of booby-trap mines and other explosive devices, the ITAR-TASS correspondent was told

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[By ITAR-TASS correspondent]

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by phone from the press bureau of the Russian Interior Ministry's internal troops in Groznyy.

About 2,000 rounds of ammunition of various kinds, about 300 rounds for grenade launchers, more than 200 shells for infantry combat vehicle cannon, and more than 800 antiaircraft shells were discovered and an armored carrier was seized.

Earlier, ITAR-TASS correspondent Boris Kipkeyev was told by Major General Nikolay Tkachev, chief of staff of the Joint Group of Federal Forces in Chechnya, that the Dudayev forces, completely driven out of Novogroznenskiy, have concentrated on its outskirts, and also in positions in the direct proximity of the village of Terskiy. According to the Chief of Staff, the operation to "cleanse" the village will continue today.

Nikolay Tkachev said that information on the losses of the two sides are being clarified.

Russia: Grachev Details Successes in Novogroznenskiy

LD2102120096 Moscow Russian Television Network in Russian 1100 GMT 21 Feb 96

[From the "Vesti" newscast]

[FBIS Translated Text] The operation to remove the rebels from Novogroznenskiy was completed on 20 February. Sappers began clearing mines from the settlement at first light. According to official sources, Interior Ministry losses in Novogroznenskiy were three dead and 12 wounded. Defense Minister Pavel Grachev gave some more details of the operation today.

[Begin Grachev recording] Our armed forces lost four killed and 19 wounded during the entire operation. The results are very good. Over 200 rebels were wiped out, according to reports I received today. A communications hub — the main communications hub operating in Chechnya — was found and seized. A large quantity of heavy armaments was seized, not to mention a large amount of ammunition, three large caches were seized. Also, homemade equipment to refine oil and pump it throughout Chechnya, and other important installations were seized.

It was decided today to carry out more thorough checks of every house, cellar and apartment, so internal troops and the police will be continuing to comb the area today and tomorrow. According to our information, there are still rebels hiding in the area, pretending to be civilians, and there are still some quantities of ammunition left. [end recording]

Russia: Novogroznenskiy Operation Said 'All But Completed'

LD2002164196 Moscow INTERFAX in English 1608 GMT 20 Feb 96

[FBIS Transcribed Text] GROZNYY, Feb 20 (INTERFAX) — The Russian federal troops operation to suppress Chechen separatists in the village of Novogroznenskiy, eastern Chechnya, has been "all but completed" as of 5:00 p.m. Moscow time Tuesday, an officer of the joint command of federal troops in Chechnya told INTERFAX.

Russian interior troops are now completing "the cleaning" of the populated area from separatists, the same source said. A communications point of the Chechen separatist headquarters in Novogroznenskiy was seized during the operation.

"Separate groups of militants are sporadically offering resistance to federal troops units but only on the outskirts of the village," the same source said.

Information on casualties among both sides was not immediately available.

A representative of the federal troops command in Chechnya who declined to be named confirmed that the fighting had moved to the outskirts of Chechnya's Novogroznenskiy village by Tuesday afternoon.

"Federal troops are now suppressing rebel resistance outposts and sniper positions," the same source said.

The operation in particular involves units of the 58th army of the North Caucasian Military District and units of interior troops under the Russian Interior Ministry, the same source said. The operation to suppress the separatist guerillas in Novogroznenskiy has been planned as a combat operation with the participation of ground troops, armored vehicles and artillery, the source said.

The source failed to confirm reports that federal troops had already killed 170 Chechen separatists.

"It is impossible to indicate an exact number of casualties" among Chechen separatist rebels until the combat actions in Novogroznenskiy are over, the military source said.

The source confirmed that nearly all civilians had left the village by the beginning of the operation through special security corridors.

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Russia: Kulikov Not Ready To Withdraw Troops From Chechnya

LD1602191096 Moscow NTV in Russian 1600 GMT 16 Feb 96

[From the "Segodnya" program]

[FBIS Translated Text] At a press conference today, Anatoliy Kulikov put forward his view of the problems expressed yesterday at the sitting of Chernomyrdin's commission on a Chechen settlement. Kulikov did not rule out methods of force in eliminating Dudayev's regime.

[Begin Kulikov recording] Unfortunately, we are not capable of interning terrorists and their organizers by other means. So, since the method of force remains, the consequences of that method also remain. As far as the withdrawal of troops from there is concerned, that can be done only after the tasks have been fulfilled and after the situation has been stabilized. [end recording]

The interior minister said that his view on the need to halt the financing of the restoration work in Chechnya was met sympathetically in the higher echelons of power.

[Begin Kulikov recording] I think that such a decision probably will be taken, that is to say, what will be at issue will be a sensible infusion of cash. [end recording]

One might understand from what Kulikov said that the minister does not share the readiness to withdraw troops to the perimeter of Chechnya. Pavel Lobkov, Viktor Shcherbakov, NTV.

Political Reaction

Russia: Dudayev Blames West for Inaction

BR2002154196 Oslo ARBEIDERBLADET in Norwegian 20 Feb 96 p 13

[Report on interview with Chechen President Dzhokhar Dudayev by Asne Guldahl Seiersted in Urus Martan; date not given: "The West Has Betrayed Us"]

[FBIS Translated Text] Urus Martan — "We would have crushed Russia long ago if it had not been for the West," Dzhokhar Dudayev told ARBEIDERBLADET. The president of Chechnya who is a wanted man under a sentence of death and who has to hide from the Russians' security services, predicts a bloody world war between Islam and the Western world. But he believes that Norway is among Allah's chosen nations.

"You are financing the war and the UN paralysis is shameful. You are not doing a thing to get Russia to respect human rights. While the Russians are bombing our villages, you shrug your shoulders and are content as long as you are left in peace," the former Soviet general thundered in a meeting with ARBEIDERBLADET.

"We had hoped for help in the construction of a democratic rule-of-law state, but you betrayed us. Since the OSCE [Organization for Security and Cooperation in Europe] began to mediate, the conflict has become 10 times worse. The United Nations should have introduced tough economic sanctions against Russia, this would have been for the good of both Russia and the West. Instead you admit Russia to the Council of Europe and give them little lectures," Dudayev said, so vehemently that you have a desire to hide yourself from his piercing eyes.

Criticism of the West

Since he cannot break the Russian Army, the West has now become the main enemy.

"In a few years the conflict will spread. Then it will be the Muslim world's struggle against the West. We will take Russia with us on our side. It will be the end of the Western world, because you are not ready to fight.

"We were not given an opportunity to create a rule-of-law state after our independence in 1991. The aggressors destroyed all the legal institutions. Then you thought that there would be chaos and we would kill each other, but we took a pause for thought and made the transition to Muslim values and laws (Shari'a). You have forced us to become a Muslim society."

Fascist Europeans

Dzhokhar Dudayev seems desperate in his criticism. With his quiet, intoning voice he told me about the forthcoming end of the West.

"You can no longer create anything and you are betraying the ideals of humanism when you close your eyes to what is happening here. You want to profit from the war, and you are helping those who want to continue it.

"The character of the West European is full of egoism and fascism. You cannot create anything new, other than to breed money and pack Snickers. You are a collection of imperialist countries which aspire to subdue others. Every week boarding houses with innocent people inside are burned in Europe. Is this not fascism?"

Allah for Norway

Scandinavia and the Baltic region are exempt from the criticism of Western Europe. The Chechen president said that he is impressed by Scandinavian art and culture, the stoic calm and the peaceful relations with

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nature and human psychology. "You have not been involved in the imperialist wars," Dudayev said.

"While things in the south boiling up, you stay calm." But he expects no help from Norway. "You need help yourselves, for you have no natural resources and are vulnerable up there in the north," he said.

When he was told that Norway has oil in abundance, he wanted to hear in detail about when we found oil, how much oil we produce, and whether we refine the oil ourselves. He added cunningly: "I am happy you have oil. It means that you too are Allah's chosen people. Allah only gave oil to people who are righteous and patient, and first and foremost to Muslim countries."

He pooh-poohed the idea that Russia, the devil's nest, also has oil.

"The oil is in Bashkiria, Tatarstan, Chechnya, and Kazakhstan, not in Russia itself," he said.

"Russia is small, it is only Russianism — the desire to subjugate all peoples — that is great."

Dudayev also believes that the Chechens are God's chosen people.

"The whole of Europe has its origins in the Caucasus and the dominant people here is the Chechens. Chechnya is the world's natural geopolitical center," he said.

Dudayev constantly contradicted himself in the course of the three hours of the night we spent with him.

"The war will last another 49 years," he said. Fifty years is the appropriate length for the Chechen-Russian war. Immediately afterward he said that in a few years Chechnya will unite with Russia and attack the West: "First the war will spread to the Caucasus republics, then there will be a world war — between Islam and the West.

"We could have stopped the war in an hour, but Russia is not ready, and the West is not ready."

"Vacillating Type"

He also criticized Boris Yeltsin for his contradictions. "On one day Yeltsin wants to withdraw his forces, the next he wants to kill me, then he wants to pull some forces out, and then he wants to liquidate the whole of the Chechen leadership. First the war was supposed to have been over in two hours, then in three days, then in time for the 50th anniversary of World War II, then in time for Yeltsin's birthday, then in time for Grachev's birthday, and now in time for the presidential election," Dudayev said with irony.

Dudayev said that it is dangerous that so vacillating a man is ruling one of the world's most powerful countries. "An unstable Russia is dangerous for the world and most of all for us in Chechnya. But Boris Yeltsin does not have the strength to carry anything through; it is a country without government, without discipline. In the end the nuclear button will be used against us all," Dudayev said.

Death and Beatings

"There is no opposition in Chechnya," Dudayev said. "Only traitors and criminals."

When the Russians withdraw it is expected that the Chechen turncoats who have supported the Russians will be lynched.

"They will be punished according to the Shari'a, Islamic law. Some will be given the death sentence, others will be beaten. But everything will happen legally," said Dudayev, who claims that he wishes he had a respectable opposition.

"Unfortunately the opposition is working for Russian intelligence, just like the humanitarian organizations." Dudayev believes that the Red Cross and other aid organizations do more harm than good. "They drive round collecting information which they then pass on to the FSK, the Russian security service. The same applies to many journalists," he said, staring at us.

Suicide Army

Dzhokhar Dudayev himself was a general in the Soviet Army, responsible for bombers loaded with intercontinental nuclear missiles. He was stationed in Estonia and became very popular in the Baltic countries because he supported them in their struggle for independence. Now he himself is fighting against the Russian Army.

"It is wrong that the Russian Army is weak," Dudayev said.

"It could have forced Western Europe to its knees in the course of three days. But it cannot win against us, for God has made us in such a way that we cannot accept force. We cannot move aside in the face of force, we can only do so of our own free will. Every Chechen is a warrior; it is something that he drinks in with his mother's milk after generations of resistance to the Russians since 1559.

"I lead a true people's army. I understood this on 26 November 1994 when I saw children, little suicide warriors, throw themselves against Russian tanks with grenades. All my warriors are volunteers. In direct fighting man to man no one can beat us," Dudayev said.

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Russia: Talks Between Dudayev, Borovoy Recounted

MK2102113296 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 21 Feb 96 pp 1, 3

[Report by Yuliya Kalinina: "How To Reach Dudayev?"]

[FBIS Translated Excerpt] [passage omitted]

Dudayev

We were brought to a most unremarkable house and ushered in. Dudayev arrived 10 minutes later, accompanied by several of his close aides. A lengthy, difficult conversation began.

Understandably, I was not allowed to switch on my tape recorder. These are the excerpts I can reconstruct from my notes.

Dudayev asserted that a new reservoir of spirituality will emerge in the East, not in Europe. In his view, in time the war with Russia could evolve into a war between religions — clearly, in this case the West will not defend Ichkeria. The Chechens, like other Muslims, can find salvation only in spirituality and faith, but should not pin their hopes on Western democracy.

[Borovoy] "You cannot fight with the whole world. You are frightening Europe, you instituted a criminal case against Clinton. You are saying the same things as Islamic fundamentalists who threaten to blow up the world."

[Dudayev] "I have not threatened Europe with terrorism. In fact, I said at the time that this is for Russia. You see me, a Soviet general, who grew up and lived next to you, as a Muslim terrorist, a sort of al-Qadhdhafi... If you need to think so — go ahead. You need your people to be ignorant — very well, let it be so. But I despise those who think so."

[Borovoy] "Then you simply played this role of a fundamentalist and implacable fighter against the infidels? Like Kozyrev, who once simulated Russia's return to its recent communist past at the European Conference, as if saying: Look what might happen unless you help us..."

[Dudayev] "Let us wind up this subject. It might be interesting for Russia, but not for me. And don't worry about the Americans and Europeans. The U.S. Congress has already received my explanations on that score."

The setting up of a parliamentary mission in Chechnya to exchange prisoners and to monitor compliance with peace accords did not elicit Dudayev's enthusiasm: "You are doing this for Russia, not for us. We do not need this mission. This will just be yet another spies' nest. There are plenty of them already."

Dudayev said that presently Ichkeria treats prisoners of war as any other normal state does. There is a prison, POWs are divided into five categories: servicemen, contract personnel, officers, criminals, and national traitors (Chechens from the opposition). Investigations are under way into every POW's case. An edict has been signed under which everyone who has not committed crimes on Chechen soil (including special service officers) are to be amnestied from the outset. Those found guilty will serve prison terms or be exchanged for Chechens taken prisoner. The deputies were promised a complete list of detainees with their photographs and investigation findings.

These were difficult talks. Lots of contentious matters arose, one had to argue with Dudayev, make compromises, try to convince him of the need to take steps toward peace. He said that "any peace steps would benefit Yeltsin," and Chechnya does not need that. It was necessary to show that the situation in Chechnya will not improve upon the communists' coming to power, because they, of all people, will never grant it independence.

By the end of the third hour of the talks it was decided that the government of Ichkeria would consider the proposal to set up a parliamentary mission in mountain regions and, in the event a positive decision is made, the deputies will be given an appropriate mandate to make efforts to ensure the release or exchange of prisoners. Furthermore, Dudayev promised to consider Borovoy's suggestion that he send a letter to Yeltsin outlining his plan for a peace settlement. [passage omitted]

Russia: Yeltsin Appoints New Envoy to Chechnya

LD2102110796 Moscow Radio Rossii Network in Russian 0500 GMT 21 Feb 96

[FBIS Translated Text] Russian President Boris Yeltsin has decreed that the federal Chechen administration be transformed into the Russian Government's mission. The edict envisages in particular that the mission being set up should carry out its activity until the restoration of the force of the Russian Constitution and federal legislation in full measure on Chechen territory and also the stabilization of the socio-economic situation in the republic. Nikolay (Fedosov) has been appointed plenipotentiary representative of the Russian Government in Chechnya.

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CIS: Interparliamentary Assembly Session Reviewed

MM2102111596 Moscow ROSSIYSKAYA GAZETA in Russian 20 Feb 96 p 1

[Report by Sergey Alekhin: "Under the CIS Flag With a New Captain"]

[FBIS Translated Text] The first session of the CIS Interparliamentary Assembly this year has been held in St. Petersburg together with a scheduled plenary session of the Interparliamentary Assembly Council, of which Yegor Stroyev, speaker of the Russian parliament's upper house, has been unanimously elected head.

In exactly one year, Stroyev, a Russian, will hand over his chairmanship in the Tauride Palace to a representative of another CIS member-state. The Interparliamentary Assembly Council has felt it necessary to introduce the so-called rotation principle to Interparliamentary Assembly practice, as it will allow all the CIS states to send "their" captain to the helm of the Interparliamentary Assembly Council. For now, the ship flying the CIS flag is on course for further development of the political, economic, and humanitarian ties established over the centuries by our peoples' shared history. Russian President Boris Yeltsin also spoke of this in his address to the participants in the Interparliamentary Assembly plenary session.

Parliamentary delegations from Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, the Russian Federation, and Tajikistan took part in the session.

The reason why attention was riveted on the Tauride Palace at the end of last week is that a considerable number of new faces were taking part in the session. As a result of recent elections, the deputy corps has changed in eight of the Interparliamentary Assembly member-states' parliaments. This, in turn, has led to a change in the makeup of the parliamentary delegations: There are new people who will have to delve into the work done by the Assembly in the three years it has been in existence. It has done quite a lot in this time. There is always intensive work in progress in St. Petersburg to draw up documents making recommendations. On this occasion, for example, 25 pieces of legislation offering recommendations concerning all of the most topical problems affecting people's lives in the CIS were submitted for discussion.

Priority in the Assembly's work was given to the legal problems of forming a common economic area and harmonizing economic legislation. The third section of the model civil code for CIS states was adopted. As a whole, it satisfies the interests of economic ties, lays the legal foundations for a market economy, and is conducive to eliminating substantial differences in the private law of each state. Parliamentarians also discussed the recommendatory legislation "On Protecting Economic Competition," "On Financial-Industrial Groups," and "On Joint-Stock Companies," all of which provide for setting up effective mechanisms to facilitate competitor relations on commodity markets and implementing investment projects and programs.

One parliamentarian in the council chamber of the Tauride Palace said that anyone whose heart is not rent by the breakup of the Soviet Union probably has no heart. However, anyone who thinks he can put the Soviet Union back together again probably has no brain. Pondering the directions the Interparliamentary Assembly's development should take and bearing in mind what they had heard, all parliamentarians in the course of the two-day session spoke of the need to begin essential, tangible integration as soon as possible within the framework of extensive cooperation. In the opinion of Assembly Chairman Ye.S. Stroyev, the model law on financial-industrial groups (which he specially highlighted) is a document that will give fresh impetus to further integration.

In the opinion of State Duma Chairman Gennadiy Seleznev, who is also settling in at the Tauride Palace, the CIS Interparliamentary Assembly should be modeled along the lines of the European Union.

"It is my dream," G. Seleznev said, "to live to see the day when people smile more often, when blood is no longer shed in the former republics, and when no one looks in your passport to see who you are, where you have come from, and why."

Building precisely such a community of independent states is now the intention of the parliamentarians who were at work in St. Petersburg at the end of last week.

CIS: Deputy Premier Discusses CIS Cooperation

LD2002220096 Moscow Radio Rossii Network in Russian 1700 GMT 20 Feb 96

[FBIS Translated Text] In Russia's Government House today there was a routine meeting of the commission for cooperation with the countries of the CIS. It was chaired by Deputy Prime Minister Aleksey Bolshakov. Our special correspondent Regina Lukashina reports:

[Lukashina] The meeting of the commission among other things discussed the question of restoring the strategic system of the former Soviet Union. All points concerning cooperation with the Baltic countries were excluded from the list of measures apart from joint measures for environmental protection because, as Valeriy

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Serov, minister for CIS cooperation affairs, said, they would only cause complications.

It was also specified that on 12 April there would be a meeting of the Council of Heads of Governments of the CIS and on 2 April a meeting of the Council of Ministers of Foreign Affairs and at the end of March a meeting of the Council of Ministers of Defense.

There was discussion of the problems of training the officer corps from the CIS countries in Russia's military higher educational establishments. Vladimir Zhurbenko, first deputy chief of Russia's General Staff, said that to date the debts for training already exceeded $6.7 million, but this was only half the problem. Students from the CIS at times have a low general educational level. Eighty percent of them speak Russian poorly. Further, there are constant demands to organize individual special streams for them as well as conditions to celebrate religious rites. All of these problems must be resolved on a contract basis.

Deputy Prime Minister Aleksey Bolshakov also called the commission's attention to the fact that in examining the question of training officers from the near abroad in Russia's military higher educational establishments, one must not forget the treaty of collective security. The deputy prime minister also noted, and I quote: The Western countries invite students and provide everything for them. A special clause should be introduced into the Russian budget for 1997 so that training should also be free in our country. At present it is very dangerous for the CIS market for our military equipment. If they do not study in our country they will not buy from us either.

CIS: Kabardino-Balkar Republic To Ignore Abkhaz Sanctions

LD2102125896 Tbilisi IBERIA in Georgian 1130 GMT 21 Feb 96

[FBIS Translated Excerpt] Nalchik, 21 Feb — Kabardino-Balkar President Valeriy Kokov gave a news conference in Nalchik on 20 February. He said that the Kabardino-Balkar Republic would not abide by the decision of the Council of CIS Heads of State imposing sanctions against Abkhazia because it ran counter to a treaty between the republics of Kabardino-Balkar Republic and Abkhazia. [passage omitted]

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Russia: Directive on Council of Europe Membership

MM2002144196 Moscow ROSSIYSKAYA GAZETA in Russian 17 Feb 96 p 4

[Russian President's directive No. 66 signed by President B.Yeltsin and dated 13 February 1996: "On Priority Measures Connected with the Russian Federation's Entry Into the Council of Europe"]

[FBIS Translated Text] In connection with the Russian Federation's receipt of the official invitation to become a member of the Council of Europe and accede to its Statute (Council of Europe Council of Ministers resolution of 8 February 1996):

1. To submit proposals to the Russian Federation Federal Assembly State Duma on the Russian Federation's accession to:

the Statute of the Council of Europe of 5 May 1949;

the General Agreement on Privileges and Immunities of the Council of Europe of 2 September 1949 and the following protocols to it: the Protocol of 6 November 1952; the Second Protocol (Provisions Regarding the Members of the European Commission on Human Rights) of 15 December 1956; the Fourth Protocol (Provisions Regarding the European Court of Human Rights) of 16 December 1961; and the Fifth Protocol of 18 June 1990.

The Russian Federation Government shall within three days submit to the Russian Federation Federal Assembly State Duma a conclusion on the costs connected with the Russian Federation's entry into the Council of Europe which are to be met from the federal budget.

2. To appoint I.S. Ivanov, Russian Federation first deputy foreign minister and chairman of the Interdepartmental Commission on Preparation for the Russian Federation's Entry into the Council of Europe, as the Russian Federation President's official representative during the examination by the Russian Federation Federal Assembly chambers of the question of the Russian Federation's accession to the international treaties indicated in Point 1 of this directive.

3. To accept the Russian Foreign Ministry's proposal, coordinated with the Russian Federation General Prosecutor's Office, the Russian Ministry of Justice, the Russian Ministry of Nationalities, and other federal executive organs that — once the federal laws on accession to the international treaties indicated in Point 1 of this directive have come into force — the following documents are signed:

The Convention on the Protection of Human Rights and Fundamental Freedoms of 4 November 1950 and subsequent protocols thereto: Protocol No. 1 of 20 March 1952; Protocol No. 2 (on empowering the European Court of Human Rights to hand down consultative judgments) of 6 May 1963; Protocol No. 4 (on the safeguarding of certain other rights and freedoms in addition to those already included in Protocol No. 1 to the convention) of 16 September 1963; Protocol No. 7 of 22 November 1984; Protocol No. 9 of 6 November 1990; Protocol No. 10 of 25 March 1992; and Protocol No. 11 to the Convention of 11 May 1994, which makes structural changes to the control mechanism formed on its bases;

The European Convention for Prevention of Torture and Inhumane or Degrading Treatment or Punishment of Prisoners of 26 November 1987; Protocol No. 1 of 4 November 1993; and Protocol No. 2 of 4 November 1993 to the Convention;

The Framework Convention on the Protection of Ethnic Minorities of 1 February 1995;

The European Charter of Local Self-Government of 15 October 1985.

4. To instruct Russian Foreign Minister Ye.M. Primakov, during the official ceremony of the Russian Federation's entry into the Council of Europe:

a) to present to the Council of Europe secretary general the Russian Federation's credentials of accession to the Council of Europe Statute, the General Agreement on Privileges and Immunities of the Council of Europe, and the protocols thereto;

b) to sign on the Russian Federation's behalf the international treaties indicated in point 3 of this directive (where necessary as a condition of ratification);

c) when signing the Convention on the Protection of Human Rights and Fundamental Freedoms to make the following statements:

on the Russian Federation's intention to recognize in law the right of individual appeals to the European Commission for Human Rights and the mandatory jurisdiction of the European Court of Human Rights;

on the compatibility of the Russian Federation's undertakings under the conventions in the sphere of the protection of human rights within the framework of the Council of Europe and the CIS.

5. The Russian Federation Government is to adopt the necessary measures to ensure the fulfillment of the Russian Federation's obligations, including financial obligations, connected with its membership of the Council of Europe.

6. This directive comes into force the day it is signed.

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[Signed] B. Yeltsin, president of the Russian Federation
[Dated] 13 February 1996
No. 66-rp

Russia: Dangers of Ratifying START II Treaty Highlighted

MM2002140996 Moscow ROSSIYSKAYA GAZETA in Russian 17 Feb 96 p 7

[Article by Sergey Ptichkin: "First We Should Have a Look in Our Wallet.... It's Signed and Sealed. But Did We Do Our Sums...Did We Shed a Few Tears?"]

[FBIS Translated Text] It is entirely possible that this will be the result of ratifying START II, and it is not only a question of losing a considerable proportion of strategic potential.

The START II Treaty, many of whose provisions are far from indisputable, has always been discussed merely from the military viewpoint and not once has an attempt been made to consider its economic aspect. Who can say what the compulsory destruction of extremely complex missile systems within strictly stipulated deadlines following ratification will cost the impecunious Russian treasury? As soon as the conversation turns to financial support for a sharp reduction in strategic offensive weapons, all the "peacemakers" lobbying for ratification look down and avert their eyes, as if it is such a trifling matter about which it is improper to talk in the light of the said treaty's world historical significance.

The state budget is full of unmended holes, so is it sensible to make another one when there is no acute need to do so?

What is clear is that Russia does not intend to launch a nuclear missile strike against anybody in the actual foreseeable future. The flight assignments of all missiles have been canceled and it could quite easily be claimed that all intercontinental ballistic missiles [ICBM's], including those subject to a mandatory reduction, are now not so much on alert status as mothballed. This is the state in which heavy ICBM's will reach their natural "old age," be taken out of service, and broken up for salvage in the normal course of work, without a propagandistic fanfare and unnecessary expenditure.

We have a catastrophic shortage of money for solving problems of vital importance to Russia. Over 100 nuclear-powered submarines are rusting in the Northern Fleet and Far East — they are potential Chernobyls. Nobody knows what to do with them — there is no funding. Every day the Chechen conflagration swallows up an incalculable amount of state resources. Where are we getting these "extra" trillions from? We have simply failed to learn, once again because of a lack of the necessary money, how to properly recycle even old conventional weapons. But we are talking about a nuclear arsenal of hundreds of megatons, extremely poisonous missile fuel, and many other things which, forgive the expression, do not stink until you touch them.

So what if the U.S. Senate ratifies the treaty? It is rich, it does not have a "Chechen factor" within its country, it has solved practically all its ecological problems, and everybody there receives wages on time.

Thus, no matter how good the old peace initiative, which emerged back when the USSR existed, is, its implementation must be correlated with the current state of Russia, otherwise it will cost Russia dear. Instead of lowering the threshold of nuclear danger we will get the directly opposite effect.

Russia: Karasin on White Remark, 'Destructive' NATO Expansion Talk

LD2002144896 Moscow INTERFAX in English 1335 GMT 20 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 20 (Interfax) — Moscow has not overlooked the statement made by U.S. Deputy Secretary of Defense John P. White in Hungary, Russian Foreign Ministry spokesman Grigoriy Karasin told Interfax Tuesday. He quoted White as saying that the U.S. troops were likely to stay in Hungary after the expiration of the peacekeeping forces' mandate in Bosnia, but under the aegis of NATO. A spokesman for the U.S. Defense Department subsequently said that White's words had been misinterpreted.

"Naturally, we have taken this explanation into account," said Karasin "However, such slips of the tongue are causing concern in Moscow," he said.

He said that NATO's infrastructure, created in the region in connection with the Bosnian settlement, has a rigidly limited mandate of operations in Bosnia and Herzegovina, intended for a year.

"The question arises: Has not the stake been put on intensifying the process of NATO enlargement?" said Karasin. "One may get the impression that attempts are being made to make this process irreversible," he added.

Karasin said that Moscow has been warning from the beginning that this would be the wrong thing to do. "Judging by all accounts, all the talk about NATO enlargement is essentially destructive. It is having a negative effect on the general political situation and can only worsen mutual mistrust," stated Karasin.

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Russia: Karasin on Aiming of Nuclear Missiles

LD2002165596 Moscow INTERFAX in English 1636 GMT 20 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 20 (Interfax) - All statements on major foreign policy issues, including on the aiming of Russian nuclear missiles, are made only by the president, prime minister or foreign minister, or by their official representatives, Russian Foreign Ministry Spokesman Grigoriy Karasin told a briefing in Moscow Tuesday.

Statements made by others must be regarded as their personal views, he said.

Karasin would not comment on the statement attributed by the U.S. press to the Russian atomic energy minister that Russia would allegedly aim its nuclear missiles at Eastern European countries if NATO deployed its nuclear weapons on their territory.

Russia: Commentary on Nuclear Weapons in E. Europe

MM2102114196 Moscow ROSSIYSKAYA GAZETA in Russian 21 Feb 96 p 2

[Article by Mikhail Shchipanov under "What Everyone Is Talking About" rubric: "Let Sleeping Dogs Lie"]

[FBIS Translated Text] The statement by a spokesman for the Ministry of Atomic Energy, disseminated by news agencies, that Russia will be forced to react appropriately if NATO nuclear weapons are sited in East European countries raises on a different plane the question of the consequences of the North Atlantic bloc's enlargement.

It really is possible to say on the one hand that tough intonations have appeared in the discussion of a question which is poisoning Moscow's relations with the West somewhat. On the other hand, however, it is becoming obvious how fragile certain categories of European security still remain and how vulnerable they are in the face of thoughtless steps dictated by expediency.

It is characteristic that it was not people in Washington who first started speaking of the possibility of nuclear arms appearing on the territories of our former Warsaw Pact allies but people much closer. In Prague. You get the impression that states which have not yet been admitted to NATO are declaring as ostentatiously as possible their readiness to assume very dangerous obligations within the framework of the alliance, to which even long-standing "Atlanticists" objected for decades.

The purport of these statements is obvious: Certain East European capitals are in a hurry to record their very high degree of loyalty toward the alliance and thus, on the moral plane, as it were, to accelerate their integration into NATO's political and military structures. All the more so because, in the minds of certain leaders who strive to be greater Catholics than the Atlantic pope, precisely a "nuclear attachment" to the bloc ought to appear as the most real guarantee of their security.

This is understandable. In Germany the U.S. nuclear arms sited on German territory at the height of the "Cold War" and the hundreds of thousands of soldiers brought in over the ocean were regarded as an indispensable condition [guaranteeing] that in the event of a conflict the Yanks would not be able to sit things out far away at home. But modern nuclear arms have erased the boundaries of time and space. After all, these are not the times of Napoleon, who gave in when faced with the English Channel.

You get the impression that politicians in some East European countries are either naive or too refined. For such statements can be used yet again in an attempt to inflate the "Russian threat": See, they would say, how scared people in Prague are of Russian unpredictability.

Back in the eighties, however, a lot of European analysts were not sure that the Americans would risk Boston for the sake of Munich, that is to say, they would simply try to limit nuclear escalation to Central Europe, and avoid attracting a strike against their own territory. This was why the movement for the withdrawal of "euromissiles" — medium-range missiles — spread in West Europe. Now this class of arms does not exist in the Old World. Therefore even the theoretical possibility of siting nuclear weapons in Hungary or the Czech Republic in the future appears, rather, a provocation. So why not deploy nuclear landmines and aerial bombs there, in dumps? [Ne razvertyvat zhe tam, na skladakh, yadernyye fugasy ili aviabomby?]

In recent years the nuclear powers have signed very important agreements on not targeting their strategic nuclear missiles on each other's territory. But the new debate with a nuclear subtext, which has arisen certainly not out of a vacuum, has demonstrated once again how unpredictable the consequences of NATO's advance toward our borders can be. In fact, President Yeltsin recently reminded Chancellor Kohl of this once again.

Ukraine: Minister Argues G-7 Aid Proposals for Chernobyl Closure

LD2002150396 Kiev UNIAN in Ukrainian 0940 GMT 20 Feb 96

[FBIS Translated Text] Kiev — Ukrainian Minister of Environment and Nuclear Safety Yuriy Kostenko

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appeared before the Cabinet of Ministers presidium on 19 February to brief the government on the outcome of a Ukrainian delegation's talks with G-7 regarding the closure of the Chernobyl nuclear power plant.

Kostenko recalled that Ukraine and G-7 signed a memorandum setting the deadline for the plant's shutdown for the year 2000, but said the document had no binding force as G-7 was not a legal entity.

The West agreed to fund the non-profitmaking part of the closure program with $498 million in grants and the profit-making part, the construction of two new generating sets, with $1.8 billion in credits. But this amount would not even pay to disconnect and decommission the plant, the minister said. He quoted the result of a feasibility study on the rebuilding of the Shelter facility, encasing the burnt fourth reactor, which estimated the cost of the project at $1 billion dollars.

According to Kostenko, the Western attitude to Chernobyl's closure is affected by changes in the G-7 national governments, as well as lack of confidence in Ukraine's intentions to shut down the plant. He advised the government to prepare for a parliamentary debate on the closure in March.

President Leonid Kuchma plans to address a G-7 conference in Moscow this April to argue for additional finance to implement the Chernobyl shutdown program.

Russia: Kohl on Forthcoming Russian Presidential Elections

LD2002134096 Munich ARD Television Network in Germar 1200 GMT 20 Feb 96

[FBIS Translated Excerpt] Whereas in Bonn the politicians left government to the fools up until last night, the chancellor has been far away — in Russia, where they know nothing about the carnival season. He was invited by Boris Yeltsin: two days in Moscow, and today he will go on to St Petersburg. [passage omitted]

[Unidentified correspondent] Helmut Kohl did not see only Boris Yeltsin today. He had a meeting with the Communist parliamentary chairman Gennadiy Seleznov. Seleznov briefed him on the positions of the Communist Party, since one important topic for Kohl is the outcome of the presidential elections:

[Begin Kohl recording] I am no prophet. I do not even resemble a prophet. And since that is the case, I do not possess the ability to tell you who the president will be until the day after the elections. [end recording]

[Correspondent] Kohl wanted to rebuff the criticism sparked off in Germany and Russia that his visit was intended to support the election campaign of his friend Boris the president. Not disguising the fact that he would like to see Yeltsin continue in office, he turned the whole thing around and gave the following example to his listeners:

[Begin Kohl recording] In Germany our visitors also find it difficult. I think I have now the sixth SPD chancellor candidate in a row standing against me, so we cannot expect our visitors to visit each of the party headquarters. That is very improbable. [end Kohl recording] [passage omitted]

It was learned from the delegation that of course one was aware that Communist leader Zyuganov had a very good chance of winning the June elections, so in accordance with protocol, Kohl also had talks with the Communist chairman of the Duma, Seleznov. Even a Communist president would have to get on with the West, sources in the Chancellery said, but Boris Yeltsin was clearly preferred in spite of all the difficulties.

[Begin Kohl recording] This is a situation in flux, and accordingly I find we should be correspondingly cautious in our judgements. We should above all drop one thing: that silly Western know-all attitude which results in advice being given to people here in Russia from one's own comfortable armchair. [end recording] [passage omitted]

Russia: Kohl: Russian-German Ties Determine European Situation

LD2002144096 Moscow INTERFAX in English 1335 GMT 20 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 20 (Interfax) — Russian- German relations determine the situation in Europe, German Chancellor Helmut Kohl told a press conference in Moscow Tuesday.

Kohl expressed satisfaction with his visit to Moscow, saying that an intensive dialogue with Russia is in the interests not only of Germany but of the whole Europe.

The parties have once more confirmed their interest in developing close Russian-German relations, Kohl said.

Kohl declined to forecast the outcome of the upcoming Russian presidential elections.

"I am not a prophet to speak about results of elections in Russia. Russian voters must have their say. However, given my own experience I know that sometimes pre-election prognoses do not come true."

It is important for Germany that Yeltsin is a reliable partner who "always precisely observes agreements."

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Assessing the internal situation in Russia, Kohl said that "the situation is difficult and, in my opinion, several people in Moscow do not understand this."

The West should not speak with Russia as to a poor cousin, he said. Russia should be treated with respect.

Kohl said that he spoke about settling the war in Chechnya while meeting with Yeltsin. The latter confirmed his strive for a peace settlement of the Chechen conflict.

According to Kohl, Yeltsin said that he should not have nominated his candidacy for the upcoming presidential elections if the conflict is not settled before the elections.

Speaking about NATO's enlargement eastward, Kohl said that it is senseless to discuss this issue during the pre-election campaign in Russia and the United States. Consideration of the issue should be resumed in calmer times.

Kohl said he is an optimist and wants to see Russia as a free, democratic, and legal state.

Russia: Kohl Says Russian Political Situation 'Very Complicated'

LD2002155396 Moscow ITAR-TASS in English 1526 GMT 20 Feb 96

[By Nikolay Kalintsev and Yuriy Kozlov]

[FBIS Transcribed Text] MOSCOW, February 20 (Itar-Tass) — The political situation in Russia in the runup to the presidential elections was one of the topics during German Chancellor Helmut Kohl's official visit to Russia.

Speaking at a news conference on Tuesday, the German chancellor stressed Europe's special interest in the preservation of political stability, continuation of reform, consolidation of parliamentarism and democracy in Russian society.

The chancellor said Germany is in favour of Russia's entering the Council of Europe, bearing in mind that the membership in that influential international organisation imposes on a country special obligations for the observance of stringent norms and standards in the humanitarian area.

"Without intervening in the election campaign in Russia in which voters have the final say, I wish to point out that Boris Yeltsin is the guarantor of the irreversibility of the present positive changes and a reliable partner in the political arena," Kohl said. This is clearly shown by strict observance by the Russian President of the earlier achieved agreements on Russian troop withdrawal from Germany. "I am an old-fashioned man, and I continue to believe to those who honour their promises," the chancellor said.

It goes without saying that the political situation in Russia now seems "very complicated and entangled," Kohl noted. Kohl rejected accusations for having found no time to meet other candidates for the presidency. "My visit was official, so I met with representatives of the Russian state," the chancellor said. "It would look strange if Russian statesmen met with dozens of presidential candidates, say, in the United States or France during such visits. In Germany, for instance, my post is now claimed by at least six candidates from the oppositional Social-Democratic Party of Germany," Kohl said.

The chancellor evaded a direct answer to the question in what way Yeltsin plans to resolve the Chechen problem. "The Russian President said more than once that he is going to decide it in a peaceful way," Kohl said.

It stands to reason that the current theme of Russian-German relations — mutual restoration of cultural values transferred as a result of the Second World War — was given attention during the present talks, the chancellor said. However, in the runup to the election "it was only mentioned in passing." It was agreed to resume discussing the problem after the presidential elections in Russia.

The chancellor was very cautious about prospects for Russia's participation in meetings of the G-7 on economic problems and turning that exclusive club into a G-8. French President Jacques Chirac has a right to invite some or other country to a regular meeting of G-7 to be held in Lyons, France, in late June 1996, Kohl said. He added, however, that the French side should first conduct consultations on the matter with its partners in the G-7.

Russia: Rosvooruzheniye Representative on Arms Sales to Iran

LD2002142696 Moscow ITAR-TASS in English 1348 GMT 20 Feb 96

[By Oleg Kuzmin]

[FBIS Transcribed Text] TEHRAN, February 20 (Itar-Tass) — Iran shows deep interest in procuring Russian military equipment, however, no specific understandings have been reached so far, a representative of the state-owned company "Rosvooruzheniye", who requested to be unnamed, told Itar-Tass today.

Commenting on a France Press news agency report from Moscow about Iran's intention to purchase arms worth one billion U.S. dollars in Russia, he confirmed

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that the Iranian defence ministry counts on long-term cooperation with Russia and is interested in modernizing its armed forces with the help of Russia's military potential.

Russia has fulfilled its commitments to earlier signed contracts until today, the "Rosvooruzheniye" official continued. In conformance with them MiG-29 and Sukhoy-25 aircraft and S-200 air defence systems have been delivered to Iran. An agreement to manufacture T-72 tanks and armoured personnel carrier BMP-2 under license was also implemented. Two diesel-powered submarines are already in use. The third one will, most probably, be delivered during the current year, provided the "financial problem is resolved". Besides this, a programme for training Iranian specialists in Russia for using the supplied military equipment has been completed. There are no Russian specialists in Iran, he said.

The Russian representative described reports appearing in the press about Russia's selling military technology and equipment worth over 400 million U.S. dollars in 1994 to Iran as "almost correct". Only spare parts and accessories worth 20 million dollars were supplied to Iran in 1995, he said.

Renowned Russian designer of firearms Mikhail Kalashnikov is currently in Tehran on an invitation from the Iranian ambassador in Moscow.

Russia: Iran's Va'ezi Begins Two-Day Moscow Visit

LD2002154296 Tehran IRNA in English 1514 GMT 20 Feb 96

[FBIS Transcribed Text] Moscow, Feb. 20, IRNA — The deputy Iranian Foreign Minister for Euro-American Affairs Mahmud Va'ezi arrived here Tuesday on a two-day official visit to here.

During his stay in Moscow Va'ezi is to hold separate meetings with the Russian president's advisor for international affairs Vladimir Ryurikov, Foreign Minister Yevgeniy Primakov, chairman of the commission for international affairs of the Duma and Deputy Foreign Minister Albert Chernyshev.

Velayati [as received] and Russian officials will review Tehran- Moscow cooperation as well as regional issues.

Russia: Iran's Va'ezi Holds Talks With Primakov

LD2102102296 Tehran IRNA in English 0756 GMT 21 Feb 96

[FBIS Transcribed Text] Moscow, Feb. 21, IRNA — Russian Foreign Minister Yevgeniy Primakov in a meeting here Tuesday with Iran's Deputy Foreign Minister for Euro-American Affairs Mahmud Va'ezi called for further promotion of Tehran-Moscow ties. The latest regional and international developments as well as bilateral cooperation were among topics discussed by the two officials.

Primakov further expressed hope that the forthcoming visit of Iranian Foreign Minister 'Ali Akbar Velayati to Moscow will pave the way for further expansion of mutual and regional cooperation.

Va'ezi stressed that the two countries' close relations will lead to establishment of peace and tranquility throughout the region. He noted that growing Tehran-Moscow ties will have great impact on economic development in Central Asian republics and the Caucasus.

Va'ezi arrived here Tuesday on a two-day official visit. During his stay in Moscow he is to hold separate meetings with Russian senior officials.

Russia: Government Denies Receiving ROK Order for Missiles

LD2102102096 Moscow ITAR-TASS in English 1008 GMT 21 Feb 96

[By Vladimir Nadashkevich]

[FBIS Transcribed Text] Moscow, February 21 (Itar-Tass) — The Russian State Committee for Military and Technical Policy has not received any official proposals from South Korea on purchases of Russian air defence systems S-300, deputy committee chairman Vladimir Korneyevets told Itar-Tass here on Wednesday, commenting on reports about such plans of the South Korean military.

Itar-Tass correspondent Nikolay Geronin reported from Seoul on Tuesday that the South Korean Defence Ministry together with the committee of South Korean chiefs of staff "seriously study" plans to create an air defence system on the basis of the S-300 missiles.

These rockets with a range of 45-150 kilometres, flying at a low altitude, are capable of hitting planes and missiles. They are similar to American Patriot missiles costing 600,000-700,000 dollars each.

However, Russian missiles are cheaper by 30 percent. American arms manufacturers propose to develop more advanced Patriot missiles for South Korea as compared to those with which U.S. troops, stationed in the south of the Korean peninsula, are armed.

The S-300 systems are really among the world's best in this class of air defence weapons. They were repeatedly shown at international exhibitions, including Seoul Defence '95. Some countries have purchased them from Russia, Korneyevets said.

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"If we receive an order from South Korea, we shall readily study it," he noted.

South Korean military quarters decided to import Russian materiel and weapons, including T-80U tanks, mobile ground-to-air missiles and armoured personnel carriers.

Their supplies will be used to pay Moscow's debts to Seoul, inherited from the former Soviet Union.

Russia: Closer Integration With Central Asia Seen

964F1103A Moscow NEZAVISIMAYA GAZETA in Russian 31 Jan 96 p 1

[Article by Alan Kasayev: "Russia Is Turning to the East: Does This Mean That the Kremlin Has Decided To Turn its Back on the West?"]

[FBIS Translated Text] The recent visits of the new Russian foreign policy establishment in the person of Primakov, minister of foreign relations, and Defense Minister Grachev and Nikolayev, director of the Federal Border Service, and Valeriy Serov, minister for CIS Affairs, who join them every now and then, have clearly identified Moscow's latest priority—the states of Central (the former Middle) Asia are now seen as the most promising allies. It is obvious that Russia's top leadership is adopting a number of important decisions that are as yet concealed from the eyes of the public at large, and the results of the recent summit of CIS heads of state in Moscow are directly prompting these, as yet unpublished, decisions.

The former enthusiasm as regards reintegration with Belarus, which was just about the No. 1 item on the agenda, has imperceptibly been replaced by the directly opposite attitude. This was brought about, of course, by the traditional "they added up and wept," which had been predicted by many politicians and scholars while upbeat statements about reunification were forthcoming all the while. As very well-informed sources maintain, the Customs Union, as the basis of reintegration, is not justifying itself, and this has, in fact, been the sole achievement in the rapprochement with Minsk. As far as Kiev is concerned, the thaw that was proclaimed once again following Leonid Kuchma's lightning visit to Moscow and his subsequent proposal that Yeltsin be reelected chairman of the Council of CIS Heads of State for another term was quickly replaced by familiar refrains. Ukraine does not consider membership of the Customs Union possible and does consider possible a special relationship with NATO. The visit tomorrow of Primakov and Grachev (a not uninterested tandem) to Kiev will hardly bring any closer the signing of an interstate treaty, which has allegedly been long awaited by both capitals of major states of Europe, either.

Against the background of the slow-moving process of "Slav unification" the dynamics of the relations with the former Asian republics, now independent states, could be termed a success. For a long time Russia was unable to fit the keys to the unpredictable oriental hearts of certain presidents. Now, it would seem, such keys have been found. In any event, the transfer to Russian hands quietly and without any particular publicity of a number of major enterprises and military facilities of the former USSR in Kyrgyzstan and Askar Akayev's following visit shortly before the elections to the recuperating Yeltsin (for his blessing?) testify that Russian-Kyrgyz ties are developing more successfully than, for example, Russian-Ukrainian ties. The decidedly warm reception in Almaty of a Russian military delegation and the agreement that was reached there on Russian assistance in the creation of a Kazakhstani Caspian naval flotilla virtually coincided with the pointed "pardon" one day prior to the expiration of the sentence given Nikolay Gulkin, the Semirechensk ataman and supporter of unification with Russia.

Islam Karimov, the most troublesome Central Asian politician for the Kremlin, has also, it would seem, agreed to the establishment of closer relations with Russia. He is being prompted to take this step by the pronounced deterioration in the economic situation in Uzbekistan and the big problems in neighboring Tajikistan, where the present government of Emomali Rakhmanov is, it would seem, living out its final weeks. In addition, the situation in Afghanistan also is shaping up to Karimov's disadvantage—the Taleban is practically on the doorstep of Kabul, which is threatening a considerable weakening of the positions of Karimov's ally General Dustum. The neutral Turkmen Saparmurad Niyazov, who signed the majority of documents of the Moscow meeting of CIS heads of state for just about the first time, needs the actual realization of the idea of Turkmen neutrality. This very difficult business cannot be handled without Russia's assistance either.

It would seem that the Commonwealth of Independent States is negotiating another stage of its protracted formation, which could lead to the composition of a new configuration of this interstate formation. The Russian Government's decision last fall to increase somewhat the extent of technical (that is, interest-free) lending to the states of the near abroad extended mainly in accordance with planned amounts to the countries of Central Asia proves the actuality of the reorientation of policy in respect to the CIS from the western, Belarus-Ukrainian, to the eastern direction. Here also it is far easier to surmount the insistent request of the Council of Europe that it move away from the division of some

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states into near and far which was addressed to Russia when it was admitted to this international organization.

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Political Issues

Russia: Yeltsin Writes to Stroyev on Legislative Violations

LD2002225796 Moscow ITAR-TASS World Service in Russian 1555 GMT 20 Feb 96

[FBIS Translated Text] Moscow, 20 Feb (ITAR-TASS) — Russian President Boris Yeltsin has sent a letter to Yegor Stroyev, chairman of the Federation Council, drawing his attention to the violations which took place when the Federal Assembly of the first convocation was adopting federal laws, a report by the Russian presidential press service says. ITAR-TASS received the report today.

"The practice of adopting federal laws by the State Duma and approving them by the Federation Council of the first convocation show that there has been instances of violation of the Constitutional principles of federalism in the legislative activity of the chambers of the Federal Assembly," the letter says. "The federal laws that have been adopted often contain legal norms which pertain to issues which the Russian constitution does not refer to the competence of the Russian Federation or the joint competence of the Russian Federation and its members, in other words, issues which are exclusively in the competence of the bodies of state power of members of the Russian Federation or bodies of local self-government. In addition, the federal laws regulating issues in the joint competence of the Russian Federation and members of the Russian Federation often contain norms which do not leave the members [of the Federation] any legal possibility of solving them.

"Such practice directly contradicts the Russian constitution. The petty regulations, contained in the federal laws, regarding economic and public service issues, restrictions on the choice of methods of administration, the use of state property of members of the Russian Federation, solutions to social problems, and issues of organizing local self-government and state service within the members of the Russian Federation undermine the constitutional foundations of federalism and make it impossible to take into account the entire variety of national and other features of the regions when implementing reforms.

"Taking into account the fact that the Federation Council is made up of representatives of the members of the Russian Federation and must therefore defend their interests, I draw your attention to the need to ensure that the federal laws approved by the Federation Council should have a stricter approach to observing the delimitation of powers between the Russian Federation and its members enshrined in the Russian constitution, and prevent federal laws from controlling issues which are in the competence of the bodies of state authority of the members of the Russian Federation or the bodies of local self-government.

"From my side," the letter says in conclusion, "using my constitutional powers to sign federal laws, I will support the Federation Council's efforts aimed at defending the rights of the members of the Russian Federation."

Russia: Yeltsin Meets Defense, Media Leaders 21 Feb

LD2102101196 Moscow ITAR-TASS in English 0901 GMT 21 Feb 96

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, February 21 (ITAR-TASS) — Russian President Boris Yeltsin today met chairman of Goskomoboronprom State Committee for the Defence Industry Zinovyy Pak.

Yeltsin's press secretary Sergey Medvedev told Russian journalists that Yeltsin and Pak discussed ways of improving work at Goskomoboronprom enterprises.

Pak told the President about implementation of the instruction given by Yeltsin during his trip to the Sverdlovsk and Chelyabinsk regions.

He spoke, among other things, about the utilisation of reserve capacities of the defence enterprises in the interests of the Russian national economy.

Yeltsin and Pak also discussed liquidation of wage payment delays at defence enterprises.

Medvedev said Yeltsin is due to meet the leaders of the Russian leading mass media organisations in the Kremlin residence at noon.

The press secretary said such meetings were held at regular intervals as the President felt a need for contacts with the media leaders because the viewpoint of the media leaders on the policy pursued by the country's leadership was of great importance for him.

As concerns the agenda for today's meeting, it included prospects for pulling out of the Chechen crisis and the coming presidential elections and the role of radio, television, newspapers and other periodicals in covering the campaign.

The press secretary recalled that several leaders of major media outlets were members of the commission working on versions of the settlement in Chechnya. As regards the presidential election campaign, it is clear that the mass media will play a very active role in it.

The President intends to listen to the media leaders more than to speak himself at today's meeting. Since a variety

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of media outlets are represented at the meeting, they will certainly voice differing viewpoints, the press secretary noted.

Medvedev told journalists that on Thursday the President would meet Managing Director of the International Monetary Fund Michel Camdessus who arrived in the Russian capital on Wednesday.

Russia: Yeltsin Relieves Head of Precious Metals Committee

LD2102111496 Moscow ITAR-TASS in English 1102 GMT 21 Feb 96

[FBIS Transcribed Text] Moscow, February 21 (ITAR-TASS) — Russian President Boris Yeltsin by decree relieved Yevgeniy Bychkov of his office as chairman of the Russian Committee for Precious Metals and Precious Stones.

The press service of the Russian head of state said the president relieved Bychkov of his duties "in connection with his retirement on pension while noting his personal lack of discipline in carrying out instructions from the president and the government."

The presidential decree came as a complete surprise to Yevgeniy Bychkov, Business-Tass learned. He was informed about the decree at a time when he together with other Russian officials was conducting negotiations with the South African trans-national corporation De Beers.

Bychkov, 61, has headed the Committee of the Russian Federation for Precious Metals and Precious Stones since it was established in 1991. He was considered an experienced specialists, a strong leader and a staunch champion of state control over diamond and gold mining.

Trouble began for Bychkov in connection with the notorious affair of the American Golden ADA Company established in San Francisco in 1992. The Russian Committee agreed to transfer to the company currency valuables from the Gokhran state stock company including diamonds, gold and silver coins worth a total of 170 million dollars. The valuables were provided as a collateral for a 500-million-dollar credit line which the Bank of America intended to open for Russia.

Later, the committee delivered uncut diamonds worth almost 89 million dollars to Golden ADA as the raw materials for returning them to Russia after cutting. But the American company turned out to be fully insolvent.

"We were cheated," Yevgeniy Bychkov admitted at a recent press conference in the committee. He said an American court had ruled to seize and subsequently sell the property of the Golden ADA Company to offset the damage done to the Russian party.

Russia: Livshits Views Dismissal of Officials for Misusing Funds

LD2102123396 Moscow ITAR-TASS in English 1138 GMT 21 Feb 96

[By Andrey Shtorkh]

[FBIS Transcribed Text] Moscow, February 21 (ITAR-TASS) — Russian President Boris Yeltsin today signed a number of decrees mandating disciplinary punishment of officials through whose fault the federal budgetary funds were misused.

The president instructed the government to decide within three days on the sacking of the chief of the main administration of the Finance Ministry's Federal Treasury, Aleksandr Smirnov, and the General Director of the Federal Administration of Mail Services of the Ministry of Communications, Vyacheslav Polyakov.

The president instructed procurator-general of the Russian Federation Yuriy Skuratov to organise a thorough inspection of the activity of all the deputy chiefs of the main administration of the Finance Ministry's Federal Treasury and, should breaches be uncovered, take appropriate measures.

The president relieved of their duties governor of the Arkhangelsk region Pavel Balakshin, governor of the Saratov region Yuriy Belykh and the president's representative in the Saratov region Vladimir Golovachev for misusing the federal budget funds, the presidential press service reported.

Yeltsin proposed deciding on the sacking of two leaders of major industrial companies, head of the Astrakhangasprom company Viktor Shugarev and manager of Magadanenergo Sergey Semyonov. In addition, RAO Gasprom leader Rem Vyakhirev and RAO EES Rossii Anatoliy Dyakov were warned about the inadmissibility of loose control over the activity of officials subordinated to them.

Commenting on Yeltsin's decisions, the presidential aid for economic matters Aleksandr Livshits told a briefing in the Kremlin today that they had been prompted by the results of the major checkups conducted by the presidential supervision department, the tax police and the Federal Security Service.

"We do not cherish the slightest illusion that such measures can resolve the problem of wage payments," Livshits said. "But we also entertain no illusions with regard to the possibility of repaying outstanding debts without such measures," he said.

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According to Aleksandr Livshits, the series of resignations announced today has been long awaited but neither himself nor his staff had any plans for mounting a campaign of mass purges, even though the situation was extremely tense and insupportable. Livshits added that the checkups organised by the presidential control department and the tax police would continue.

As concerns the background to the decrees signed on Wednesday, Livshits said that chief of the main administration of the Finance Ministry's Federal Treasury Aleksandr Smirnov was relieved of his duties for numerous breaches of the rules uncovered in his office. For example, the treasury's local office in the Krasnodar Territory kept delaying for an average of 30 days its remittances of money for the payment of wages, a total of 21 billion roubles, from December 1995 to January 1996. The same happened in many other regions of the country, Livshits said.

As concerns the post service whose general director Vyacheslav Polyakov was sacked by decree, every second post office was found to have misused resources from the pension fund. Inspection revealed that in the Voronezh region alone up to one billion roubles appropriated for the payment of pensions were involved in profit-making schemes before reaching target beneficiaries.

As regards the resignation of the leader of the Arkhangelsk regional administration, Pavel Balakshin, his main transgression consisted in the untoward use of the funds earmarked for the transportation of goods to the Arctic regions. In fact, only between 50 and 60 percent of the funds were used for the purpose, and in some towns of the Arkhangelsk region, no more than 20 to 30 percent of the funds were duly used, which was a gross violation of financial discipline.

In Saratov, only 40 percent of the budgetary funds earmarked for paying wages to teachers in the second half of 1995 were used for the purpose, while the remainder was inadmissibly spent to meet other needs. Those were the reasons for sacking the head of the Saratov regional administration, Yuriy Belykh, and the presidential representative in the Saratov region, Vladimir Golovachev.

Livshits said facts of gross abuse of the funds were discovered also at some enterprises run by the Astrakhangasprom and Magadanenergo companies.

Russia: Yeltsin, Premier Discuss Preelection Situation

LD2002150096 Moscow ITAR-TASS in English 1453 GMT 20 Feb 96

[FBIS Transcribed Text] MOSCOW, February 20 (ITAR-TASS) — Russian President Boris Yeltsin and Prime Minister Viktor Chernomyrdin met on Tuesday "to discuss the social-economic and political situation in Russia in the runup to the elections," Yeltsin's press service said.

Chernomyrdin "informed (Yeltsin) about the implementation of Boris Yeltsin's instruction to clear off wage and pension arrears," the press service said.

Yeltsin and Chernomyrdin "discussed ways to reduce mutual debts of industrial and agrarian enterprises," the press service noted.

Chernomyrdin also informed Yeltsin about forthcoming talks with the International Monetary Fund and about the work of the Chechen commission, the press service said.

"The head of state and the prime minister also discussed cabinet reshuffles," the press service added.

Russia: Zyuganov Expounds CPRF's Current Policy

MM2002104496 Moscow SOVETSKAYA ROSSIYA in Russian 17 Feb 96 p 2

[Speech by Communist Party of the Russian Federation leader Gennadiy Zyuganov at the Fourth All-Russia Communist Party Conference: "Justice. Security. Independence"]

[FBIS Translated Text] Esteemed delegates and conference guests!

First and foremost I would like to sincerely thank you and, through you, all members of our party, allies, and friends for the great honor and confidence you have placed in me. I have listened attentively to your instructions and wishes, and consider it my duty — my duty as a citizen and a Communist — to strictly follow them and strive for their implementation.

There is no need to explain that the post of head of an enormous country is not a prize awarded to the winner at the end of a race, but a heavy and responsible burden. Whoever is elected Russian president today can expect more thorns than laurels. In order to bear the burden of colossal responsibility for the fatherland's fate, it is necessary to have a profound grasp of the country's history and traditions, to understand its place in the world, and to come to grips with today's problems. I

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shall strive for this to the limits of my ability in both my political, state, and academic activity. "Russia and the Modern World" is the title of my latest academic work.

The Russian Federation is a highly complex and unique organism. It is home to more than 100 peoples and ethnic groups, and they all have their ethnic and cultural features. Gigantic riches — almost a third of the world's resources of natural raw materials and energy sources, one in every two tonnes of fresh water, one in every two cubic meters of coniferous forest, and almost half of the world's Chernozem area — are concentrated on its vast area, which stretches across 10 time zones. At the same time, Russia is an Arctic country, two-thirds of its area is in northern regions. A large proportion of its agricultural land lies in an area where arable farming is risky. For centuries Russia has played the role of a geopolitical link between Europe and Asia. Great dramas in recent and very recent history have been played out on its territory.

All these things predetermine the features of our national character, the traditions of collectivism and mutual aid, and the very important role of the state and the Russian people as a unifying and selfless people.

Today our country is gravely ill. During the parliamentary election campaign I visited almost all parts of Russia and had hundreds of meetings where I saw more suffering and heard more requests for help than I had ever seen or heard even during the postwar years in my native Orel region that was destroyed by enemy invasion.

Russia is going through a comprehensive, systemic crisis, and it can only be extracted from it by a political force able to unite people on a broad platform geared to resolving priority tasks of a nationwide and statewide nature. That is the principled position of both the Communist Party of the Russian Federation [CPRF] Program and of our party election platform. That has been the theme of all our consultations with our allies.

At the same time, a candidate cannot and should not be isolated. A competent, well-trained, and well-coordinated team is required. Voters should know the specific range of people who will be coming to the country's leadership once the new president is elected. Around a year ago we put forward the idea of setting up a Public State Council formed from the most prestigious leaders of political movements, experienced administrators and economic managers, and major figures in science and culture. Now is precisely the time to fully embark on the implementation of this idea.

What could be the basis of the program of a future coalition government or government of national confidence?

There are such a huge amount of problems that have built up in the country that promising to solve them all simultaneously would be sheer fraud. We need to be able to highlight the main and decisive components and focus our priority attention on them. That key problem was clearly set out in the CPRF's election platform "For Our Soviet Motherland!"

It states that Russia's main problem today is that human, cultural, and technological potential — the potential which the country could use to emerge from its crisis and move forward, the potential of the future the potential for development — is being rapidly squandered and scattered to the four winds.

This turmoil is often compared to the years of the Great Patriotic War. But while they do have a lot in common, we also need to see that there are substantial differences. During the war years the country intensively built up its intellectual and moral potential, allowing it to rapidly rebuild what had been destroyed and make a new leap forward. But today things are just the opposite. Massive theft of the country's assets is under way, labor resources are becoming less and less qualified, the population is turning to drink and dying out, and there is a full-blown crisis of fundamental spiritual values.

We will be unable to take even a single step forward if all this is finally lost. Hence our key and two-fold task is:

to restore and augment the potential for development;

and to create the conditions to exploit that potential as effectively as possible.

The authorities are obliged to concentrate their efforts precisely on these decisive tasks, without staking a claim to state control of all and sundry, since monopolies — be they state or private — are a source of decay. It is important to ensure the basic conditions and guarantees for the people's activity, and — as our election platform says — free citizens in a free country will do all the rest themselves, without lectures or coercion.

Any country's main asset is its people — people who are healthy in mind and body, well-educated, and hard-working. If there is a shortage of such people, if the population is in decline, and if the proportion of qualified blue- and white-collar workers is dwindling, then that country will be deprived of a proper future. It is now fashionable to claim that what we lack is investment. But we need to look deeper. The prospects for the Russian economy depend first and foremost not on investment itself, but on how it is used and where it

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is invested. For scientific and technical progress has now reached the stage where the most important investment is investment in developing workers themselves. For many countries this is axiomatic. But in our country the level of precisely this sort of investment has been reduced several times over. Science and education, health care and social welfare are on hunger rations. The military-industrial complex, where our best technologies reside, is being destroyed. If the situation is not corrected forthwith, we will inevitably find that skilled personnel will have to be brought in from abroad, while our own population is used for subsidiary work. And that is the main sign of a colonial-type economy.

It is time once again to bring some clarity to the question of human rights — a question that has been confused by the "democrats." For all the talk of freedom, joining the world civilization, and Russia's revival, the country's citizens have currently been guaranteed just three rights — the right to steal, the right to get drunk, and the right to be responsible for nothing.

But if a person's main right is the right to life, then that is a right which cannot be ensured without a guaranteed right to work and to fair and timely payment for it, or without guaranteeing a subsistence minimum wage.

The fundamental right to reproduction means nothing if mothers are not protected, if the birth of a child threatens a family with destruction, or if virtually everything that children had had until recently is taken from them. We must return to children everything that has been taken from them. That is our sacred duty.

A normal, healthy society is inconceivable without safeguarding people's right to comprehensive contacts with each other. But the current situation with prices infringes people more than serfdom and is literally tearing the country apart, both economically and sociopolitically. We advocate that each person, as before, should be able to make a return journey to the most distant point in the Russian Federation for five times the minimum wage.

Society is the link between generations. It collapses unless the rights of our old people and parents to enjoy respect and material sufficiency are safeguarded. Today those who defended the country and the world against fascism and who raised the fatherland from the ruins and the ashes have been left to the whim of fate and doomed to a speedy death. The state owes them a debt — and either it takes care of them or it has no right to call itself a state and should itself disappear.

I will not go on enumerating for this audience basic rights that have no meaning if divorced from a strong and responsible social policy. They are all well-known to us. In the specific conditions of present-day Russia there is a clearly measurable, controllable, and verifiable indicator of their observance — the dynamics of population growth and average life expectancy. Our government will pledge to stop the dying out of Russia and create conditions not only for boosting the population but also for improving its structure, health, educational standards, and prosperity.

Hitherto I have been talking about preserving and augmenting human potential. But the country still has considerable industrial and scientific potential which is now artificially frozen. I am referring above all to high-tech production facilities concentrated in the military-industrial complex. Several hundred leading-edge technologies were developed during the creation of the "Buran" [space shuttle] alone, but they have not found any practical application. And it is not a question of their not being needed, but of a deliberate policy on the part of the government of winding up research and development, and of switching to a raw-material, colonial-type economy. The state's duty is to revive such production facilities and to provide major assistance in converting them for civil needs.

The state also shoulders the main responsibility of keeping the entire infrastructure of society in working order. I have already mentioned the transportation situation. Things are no better with municipal services and all kinds of communications. And it is quite worrying that the country is gradually growing blinder and deafer — literally rather than metaphorically. The public health and seismological services have been half-destroyed, as have geological prospecting, meteorology, air traffic control, and environmental monitoring. There are no accurate or, quite simply, honest statistics to be had in the country. Nobody knows for sure how much money is circulating in the economy. We will be devoting heightened attention to all these issues.

When people raise the objection that the state does not have the money for all of the above, we reject that as irresponsible gossip. If the state does not have enough money to do the most elementary necessary things — even to provide paltry wages — then the very principles underlying its financial policy must be defective. This means they need to be changed rather than idolized. There are several options for change, and anyone who is truly concerned about the situation will be able to select the ideal option. But in any event one thing is clear — in order to carry out its functions, the Russian state must have within its own ownership a powerful economic area that covers basic and vitally important sectors.

The conditions needed in order to ensure that development potential works properly can be formulated in just

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two words — peace and security. We see the only road out of the crisis as being the road of peace. There is no other road than to restore civil and interethnic peace and to strengthen the state's domestic and external security, legality, and law and order.

The slow-moving civil war first acquired full force on Chechen territory, and if no peace settlement is reached, the fire could spread to other regions. When we say that there is no military solution, this does not mean that we reject the need to suppress the bandit formations which do not want to lay down their weapons and are rejecting the amnesty provided for them. The fact is that the Chechnya problem itself is not a military or an ethnic one, but an economic and, to a considerable extent, a geopolitical one. The roots of the war need to be sought in the interests of mafia clans. And if they are not uncovered and eliminated, the war will continue and no force will be able to stop it.

The growing social stratification as a result of the ransacking of the entire country by a tiny minority under the guise of privatization is a factor increasing the threat of civil war. Either justice is restored or a social explosion will be inevitable. I wish to emphasize yet again that we recognize the need for a mixed economy. But we will not allow the bloody era of primitive accumulation to be reproduced in the late 20th century — Russia would not be able to stand it.

There are no unregulated markets in nature — nor can there be any. The country is currently losing all its markets, even its domestic market. The state is obliged to protect and provide incentives for domestic producers, whatever their form of ownership. If a privatized enterprise is working normally, it will be supported. If as a result of privatization it has failed, we need to investigate what has happened and take concrete measures. But if, under the guise of privatization, production capacity, technological interconnections, and cultural assets are being destroyed and ransacked, then the courts and the Prosecutor's Office will deal with it.

We are all well aware from our own experience what kind of a threat of civil confrontation is posed by confrontation between the branches of power. This arises from a desire on the part of executive structures to avoid controls, and from a lack of a genuine separation of powers. Consequently, we will support everything connected with constitutional federalism. We also need a strong center and developed local self-government. The Constitution needs serious changes geared, first, to the restoration of guarantees of working people's socioeconomic rights; second, to the strengthening of people's power and the introduction of direct forms of control over the authorities by society; and, third, to the eradication of the imbalance between the authorities, the expansion of the representative authority's controlling and enabling [rasporyaditelnyy] functions, and the limitation of absolute presidential power.

Citizens' personal security is the cornerstone of steady development. But that security is totally lacking in our country. Over the past year more people have been killed than in the 10-year Afghan War. Highly important state institutions — the Army, the police, the special services, the courts, and the Prosecutor's Office — are as a matter of course failing to function and are in a terrible material position. The president has now blocked the legal basis for stepping up the battle against organized crime and corruption. But we pledge to do everything to ensure that the full force of these and other laws is brought to bear.

We will strive to safeguard Russia's external security by exclusively peaceful, political means. We are opposed to gunfire, to the arrogation by certain states of the functions of international policeman, and to NATO's eastward expansion. But it is well-known that you cannot simply pray for peace. The Armed Forces will receive everything they need to reliably protect Russia's borders and its interests in the world. There can only be a balance of interests on the basis of a balance of forces, and force does not solely mean defense capability in the narrow sense, but also economic might, intellectual potential, and the social protection of the population. Without this, there has never been nor will there ever be equal international cooperation.

Many of our current ills are rooted in the Belovezhskaya Forest agreement. It is our political right and moral duty to rescind that shameful document and to withdraw our signatures. This does not mean that anybody will be forcibly annexing anyone in the future. The right to reunification belongs to the peoples, and to them alone. But we will take all the necessary measures to ensure that all links — above all, between Russia, Ukraine, Belarus, and Kazakhstan — are voluntarily restored. We believe that society should be open, but without any interference in internal affairs.

At a time when lies and slander have become one of the main weapons in the political struggle and a means of destroying society's moral and cultural foundations, we pledge to show concern for the country's information security. Journalists themselves have been the first victims of the chaos ruling in the country. We need to place state radio and television under effective public control. We need to ensure access to the airwaves for all sociopolitical forces operating within the law. And, at the same time, we must introduce quotas for the

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broadcasting of foreign TV programs — as is done in many other countries.

The subject of security is multifaceted, but I would like to particularly mention one aspect of it. This is the problem of food security. Russia has virtually lost this security at present, and it is having to make enormous efforts to restore it and help the countryside. A corresponding Agrarian Union program will be part of the government's overall program. Help will be provided to all forms of economic management on the land, but without the right of free sale and purchase of land (apart from dacha and homestead plots), since a new division of land in Russia — which has never had a firm tradition of private land ownership — would lead to unforeseen upheavals.

One last point needs to be made about the role and tasks of state power. Serious policy can only be implemented with long-term guidelines. But Russia today has neither a concept, a doctrine, nor a strategy for development. Just what are these things?

The concept should define the main national state interests and social priorities for the country's development, and ways to protect and implement them in the long-term historical perspective. It reflects society's responsibility for the fate of future generations.

The country's development doctrine looks 20-25 years ahead and covers an integrated technological cycle — five years for research and development on new-generation products; five years on industrial assimilation; five years on saturating the market; and 5-10 years for the exploitation of the product. Such life cycles are clearly tending to shorten sharply — nonetheless this does not remove the need to predict and plan for them.

The development strategy is based on the main aims of the doctrine and the concept and defines state policy, conventionally speaking, for one presidential term — that is, for five years.

And, finally, political tactics determine the specific ways of implementing the aforesaid goals at any one time, taking account of current conditions — which, naturally, is the task of the president's annual message. Today we have only a derivative presidential message, but even this, for all practical purposes, is not being carried out in all respects.

The creation of such a system will, needless to say, not be easy, and will take some time. But it is important to recognize the need for it and to embark on this work. We need to create an intellectual state council through which all the most important ideas for developing the country could pass, being legally ratified only after discussion by this council.

The Communists will uphold on this council the view that Russia should choose the path of trailblazing development, rather than catch-up development. The general outlines of this approach were drafted in our party program, and they will be developed and further fleshed out.

Comrades!

Elections are all very well, but the country cannot afford the luxury of postponing the resolution of highly acute problems and waiting another few months for the outcome of the election battles. Time is of the essence and we must act urgently. We enjoy the support of a considerable section of the population, people's hopes are being pinned on us, and we must not forget that. This is why the Communists and their allies have been acting and will continue to act as a responsible opposition.

Being in responsible opposition means not being an outside observer or a pure critic of the government, but really influencing the situation, however hard that may be. Having won firm positions in the country's parliament and in organs of power at local level, we have no right and no intention to divorce ourselves from affairs of state, and we will be taking our share of responsibility for what happens in the country.

We do not simply reject the government's policy, promising to correct it in the future — we are obliged to use all our abilities to remedy it today. In particular, we are working in the Federal Assembly on the development of the legislative foundation required to implement a new political and socioeconomic policy.

In the package of legislative initiatives submitted by the CPRF faction for the State Duma's examination, the following draft laws are of primary importance:

on the subsistence wage; on the procedure for indexing and raising the minimum wage, pensions, and benefits; on minimum state social standards; on the responsibility for failure to pay wages; on protection for depositors; on state support for the family, motherhood, and childhood; on state youth policy; and on education.

Our initiatives in the sphere of economic policy have been aimed at strengthening state regulation and support for enterprises in the defense, power generation, transportation, and agro-industrial complex. We will strive for substantial changes to the legislation on privatization, budget arrangements, foreign-exchange regulation, the tax system, joint-stock companies, production cooperatives, and so forth. The package of legislative acts aimed at preventing Russian capital being lost abroad will be very important.

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In the sphere of state building we are striving for the priority adoption of laws amending the Constitution, on a constitutional assembly, on the presidential inauguration procedure, on the government, Security Council, and Presidential Staff, on state symbols, and on deputies' responsibilities to voters.

Legislation on combating organized crime, banditry, and corruption remains at the center of our attention.

Voters should discern a substantial difference between the responsible opposition and the irresponsible authorities — which are irresponsible both legally and morally.

Indeed, we can now see a shameful picture on the eve of the elections, whereby the president and the government — as if having awoken from a lethargic sleep — have suddenly started talking about the "social thrust of reform" and making numerous promises. Emasculated versions of many of the highly important laws adopted by the previous State Duma but blocked by the president now form the basis of the stream of presidential edicts that are being issued.

The authorities are promising to provide large-scale social payments and, at the same time, are claiming to be faithful to the "reform" policy. But if the policy is maintained, such promises will clearly be impossible to carry out within its framework. Without any change to the overall economic strategy, their implementation will truly lead to a surge of inflation and other severe consequences. This is why we are fully entitled to describe the government's behavior as irresponsible populism.

In this populist area there is one other personality operating alongside the government — the demagogic pseudo-opposition which actually only helps the regime. We cannot provide the slightest excuse for any talk of a so-called "brownshirt Red" bloc. We are not headed in the same direction as "figures" such as Zhirinovskiy. On all fundamental issues our positions are incompatible. The Liberal Democratic Party of Russia faction and the government faction in the Duma see eye to eye to such an extent that they vote as one party. They have even managed to jointly block a draft law on the human rights commissioner.

The outcome of the 16 June elections will depend primarily not on political campaigning and verbal declarations, but on concrete actions, a strong team, and a well-thought-out program. The time for promises — I wish to emphasize this once again — is over. The essence of our electoral strategy is extremely simple — we should not so much talk about ourselves as, through our actions, force people to talk about us in society and in the press. We will keep the number of "traditional" events to a necessary minimum and get involved in helping people — helping all those who want to work honestly and revive our country. **Justice, Security, Independence — that is our slogan.** Only by campaigning actively and purposefully for the implementation of the obligations shouldered by the CPRF along with its allies will we be able to prove our right to get our candidate elected president. Allow me to wish everyone success in this work.

Russia: Former Aide Writes About Working for Yeltsin

964F1064A Moscow ARGUMENTY I FAKTY in Russian Nos. 3 & 5, Jan 96

[Excerpt from Vyacheslav Kostikov's book: "Farewell to the President" published in two installments]

[FBIS Translated Text]

[No 3 Jan 96 p 3]

We judge the work of high officials' press secretaries by the external view of their activities: Well-dressed, travel a lot around the country and abroad, always next to him. What kind of work it really is we most often learn when the press secretary steps out.

The same happened to Vyacheslav Kostikov, B.N. Yeltsin's press secretary. He was silent for almost a year, settling into the new job of ambassador to the Vatican. He was silent not because he was trying to be holier than the pope but because he was painstakingly working on a new book.

Today, for the first time and only for ARGUMENTY I FAKTY readers, we present the new book of writer V.V. Kostikov.

More than half a year passed since the day when, in the early evening of 7 November (I was already leaving the office), the president called me and in an unaccustomed, detached voice, as if I had suddenly become a stranger, offered me the opportunity to move to a diplomatic job, and the day when I left for Rome. The parting was long and difficult. Not only for me, I think. On the photo the president gave me on the day of farewell there is an inscription— simple, lapidary, as everything that comes from Yeltsin's pen: "Vyacheslav Vasilyevich, thanks for everything!" Many things are behind this brief dedication. And these many things remain in my heart and, I think, the president's too.

A Political Talent and His Admirer

Psychologically, it was not easy to leave. After you have worked with the president, any move, even if it is dressed up as a "promotion," is perceived as punishment.

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You get hooked on big politics, on the labyrinth of Kremlin corridors, on the feeling that you are working "at the very top"— the same way you get hooked on drugs.

It occurred to me not once and not twice to talk to the president. Yeltsin, who felt among his team something like a father to a big family, even liked it when people asked for his forgiveness, most often on some trifling matter. In the past, Valeriy Semenchenko, the experienced and crafty chancery chief, whom we among ourselves sarcastically nicknamed Kaltenbrunner, instructed me precisely in this key. But in order to ask for forgiveness, one must feel at least some guilt. The cause of my dismissal from the Kremlin, on the other hand, was not a transgression but an action. Since it was of a political nature, it certainly could precipitate a resignation but definitely not be appraised in the category of a minor misstep. I did not want to denigrate myself and denigrate the president. Especially considering that the president, being a perspicacious man, knows full well the true value of petty cunning. Boris Nikolayevich said his word. In response, I said mine. The resignation procedure was set in motion.

Several days later we had a conversation, this time one on one in the president's office instead of on the phone. The president did not mention at all the cause of my dismissal. I most certainly did not. Essentially, we were already talking about the past. About things we had lived through together, especially in October 1993. "I bear no grudge against you. I am happy with your work," the president deemed it necessary to reassure me. Thus, the formal reason for my removal was never spelled out. There was no need for it, since both Boris Nikolayevich and I knew the real cause, but at that moment by mutual tacit agreement we did not discuss it. The president did mention in A.V. Kozyrev's presence that it would be useful for me to gain diplomatic experience. But this phrase was meant for "outsiders."

I have to confess that during this—as I thought at the time, last—meeting (there were others later) I was touched to the point of tears. I would probably never, I thought, see again this man, with whom fate had so unexpectedly brought me together. Despite the fact that I had had my bitter moments with him, the recollection of which I did not relish, I basically grew attached to him. The three years I spent with the president were years of the utmost drain on my energy and emotions. There was a feeling of common danger. This shatters formal barriers in relations. Besides, I owed a lot to this man. First of all for getting an idea of the scale of state policy and the scale of personality. My life was given, if I may put it this way, a high point that makes one's existence historically meaningful. Besides, my experience as a person and writer led me to the rather sad conclusion that there essentially are not that many truly intelligent, deep, and strong people. Talent, including political talent, is a rare phenomenon.

To Write or Not To Write—This Was Not the Question

All these three years there was always a writer behind the back of the press secretary, sometimes even running ahead of the latter. This circumstance, by the way, from my standpoint proved quite useful and fruitful. I never became a bureaucrat. While perceiving myself as a writer gave me both a greater degree of independence of judgment and a certain detachment in viewing what is happening with you and around you. A certain self-irony was always present, which did not let me get carried away with bureaucratic games. The press secretary went through all the motions and actions required of him in the line of duty; the writer, like a scrooge, accumulated details and observations, which perhaps will make the most interesting parts of this book.

By the way, I never concealed, including from the president, the fact that I would write about my work in the Kremlin. I remember how at the presentation of the book "The Struggle for Russia" ["Zapiski Presidenta"] I told Boris Nikolayevich, half-jokingly, half-seriously: Now it is my turn. "It's too early for you," came the reply. We talked about the book during our last meeting, too. I did not want to hide my intentions and thus generate unnecessary suspicions. I told my friends about the future book, and some people close to me in the Kremlin as well.

I had no illusions that the Presidential Security Service [SBP] would be unaware of these conversations. All my telephones were tapped. A Presidential Council member of my acquaintance taught me a simple trick for how to check this by dialing a certain sequence of digits. When you dial them, you hear characteristic beeps in the receiver—a sign that the line is tapped. Once, at a friendly feast, I told Mikhail Barsukov, then chief of the Main Protection Directorate: "Why are you listening to my phone—I have nothing to hide." Mikhail Ivanovich smiled his typical mysterious Gioconda smile and, not replying, slapped me on the shoulder. He did not confirm it, but did not deny it either, knowing that I would not believe him anyway.

The Acoustic Transparency of the Kremlin Space

I am writing about it, by the way, without a grudge and certainly not in order to point an accusing finger at anyone. We all have a job to do. This is what a security service is for—to keep vigil. To what extent it is sophisticated and unnoticeable is already a question

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of professionalism. In any case, all the president's aides assumed that we were being monitored, and if we needed to tell each other something not intended for the Kremlin's "big ears" we simply exchanged notes during a conversation, which we later destroyed. Sometimes, in a merry moment, when we gathered around the table in a small company of people who unconditionally trusted each other, we indulged in practical jokes.

Most often this happened in one of the mansions on Vorobyevskoye Highway. As a rule, a "task force" on preparation of some important document—for instance, the president's annual message—gathered there. At the end of the workday we rewarded ourselves with a small party. After a few cordials of vodka, a person wants to be more frank and talkative. And, in all honesty, you get tired of constantly keeping yourself in check. So we assumed "mythical" names and addressed each other by those names. Someone would become presidential security chief Korzhakov, another—Barsukov, yet another—Boris Nikolayevich, someone else—Starovoytov (chief of FAPSI—Federal Government Communications and Information Agency), and some—Barannikov or Yerin, who headed in those times, respectively, the Ministry of Security and the Ministry of Internal Affairs. In their name we delivered funny toasts, humorous opinions, and political judgments. All to the uproarious laughter of everybody present. One can imagine the confusion of the personnel who later had to transcribe the tape of this party.

In short, keeping in mind the acoustic transparency of the Kremlin space, it was impossible—and most importantly, unnecessary—to conceal the idea of a book about the president. Therefore, in my last conversation with Boris Nikolayevich, I told him straight out: I will write it. I said that it would be a straightforward, honest book, and that I would not permit myself anything tactless with respect to the president.

Did he believe me? Having traveled the long corridors of power, especially in an era when one could pay with one's career for a wrong word or too frank a view, the president had gotten so used to controlling himself that it was extremely hard to read anything from his face. This makes conversation with the president very difficult, especially for people who do not know him well: It is impossible to gauge his reaction. I think it is not accidental that Boris Nikolayevich puts on this impenetrable look. It is his form of protection from those adroit interlocutors who change their judgment depending on the movement of a high official's eyebrows.

In any case, Boris Nikolayevich did not express any elation on the subject of the proposed book. But neither did he say anything that would make it difficult for me to work on it. It came out later that he did have reason to be restrained. Also later, I understood better A.V. Korzhakov's and M.I. Barsukov's strange behavior at the farewell party in the Kremlin, which I held in my office for the press service staff and a group of presidential aides. They came together close to the end, when people were already, so to say, slightly elevated.

"Remember: For Us, It Is Important What You Said"

Despite some tension, and sometimes serious differences on the subject of how to work with the press, overall I had good relations with both men. I think they had no reason to doubt my loyalty to Boris Nikolayevich. And this was the most important point for them. Thus I was all the more surprised at the certain constraint and unnaturalness of their behavior. They stood off to the side, not mixing with the numerous other guests. At the first opportunity they took me aside and for some reason informed me that they had come "with president's permission."

Silence hung in the air for a moment. It looked as if they were waiting to hear something from me. By some subtle sign I deduced that they had just seen the president and the subject, among other things, was my book.

FROM MY DIARY: The silence was rather unpleasant, and Korzhakov, a man straightforward by nature, albeit not without folk cunning, and not fond of equivocation, was the first to break it.

"There is a man among your staff," he said, "who watches you rather closely, and we learn of his observations. We were told that you have collected four boxes of materials and already are writing a book."

"I do not care what was reported to you," I said. "I have never made a secret of the fact that I would write a book, and told the president about it outright. He did not object. I told him that this will not be a book against the president but an honest chronicle of working with him. I want to write a book that will be an essay on political mores and will be of interest in five or 10 years. I do not want any paper scandal. Everything that could be written in the gossip columns about Boris Nikolayevich, one can find right now in the newspapers."

It appeared that Korzhakov did not expect such a direct and frank answer. So he spoke quite benevolently:

"Then there is no need for a conversation. I am satisfied with what you have said. Let's have a drink!"

I poured three glasses. We drank and poured another.

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"I thought I would need a long and difficult conversation," he confessed. "Good that it was not needed. But remember, if anything...."

And malice flickered for a moment in his laughing eyes.

It appeared they had heard from me what they wanted to hear—a gentleman's promise in some form. Both immediately became natural and friendly.

"Remember—it is important to us what you said."

An additional hint lay in the souvenir that was presented to me that evening. Keeping in mind my upcoming appointment as ambassador to the Vatican, this was a symbolic gift. It was a caricature figure of a Franciscan monk in a long soutane, with a tonsure, holding a rosary and kneeling in prayer. However, when the figurine was lifted a bit, a huge penis of a bright color popped out from under the soutane. I laughed along with the gift-givers, and my guests laughed, too. Only at home did the other meaning of this souvenir dawn on me. I was being told that in the event I violated this "gentleman's agreement" there would be no observance of proprieties. The security service in a way was showing me in advance its "masculine potency."

[No 5 Jan 96 p 3]

A Little Saving Lie

The last time I saw the president was shortly before my departure. I got a call from Vladimir Nikolayevich Shevchenko, chief of protocol, a Kremlin corridors veteran who had worked there since M.S. Gorbachev's times. A professional in his business, an efficient and tactful man who knows how to keep his little secrets, he was one of the few people Yeltsin inherited from Gorbachev and, against the logic of rejecting everything associated with the memory of the latter, firmly settled in Boris Nikolayevich's closest entourage. He had the talent of being quietly useful and necessary. On top of this, he learned (a feat only a few have mastered) to argue with the president and contradict him when needed, without ruining his relationship with him.

"Do not leave. It looks like you are going to have another meeting with the president."

....That day the president was in an excellent mood after the ceremony of ambassadors presenting their credentials, and spent about 15 minutes talking to journalists.

By the way, regarding the president's habit of appraising overly optimistically some or other event from time to time, I can offer my own hypothesis on the subject. The president does it on purpose. And here is why. There are so many negative emotions, including political ones, in Russian society these days, so many opinions traumatizing the popular psyche that there ought to be someone who injects in the people at least a minimal "medicinal dose" of optimism needed for the national well-being.

In the past, this was the task for the communist propaganda department under the CPSU Central Committee, the Soviet press, and uncountable scores of propagandists. Sometimes this official optimism made us simply nauseous. Today this safety valve, needed within reason, has gotten completely rusted. Newspapers compete in who will come up with the most derisive epithets about Russian politics and politicians. Sometimes political masochism reaches a dangerous level.

I doubt very much that the president does it consciously—he is not too inclined to abstractly ponder the emotional health of the people. But intuitively he probably feels both his own and people's need for a small "saving lie."

So, on that day the president was fulfilling something like a mission of a Russian priest unburdening one's soul.

I went over to him.

"This was our last meeting with journalists together. Beginning Monday, a different press secretary will be with you."

The president gave me a firm handshake and motioned me to follow him.

In the "Zone" Behind Lenin's Back

I knew this short route very well. Next to the ceremonial Catherine Hall there was a more modest Horse-Guardsman Hall. A protection detail usually waited there.

Also there, in the corner, as a rule away from the others—several officers in a dark, Navy-looking uniform, smart and severe in a special way—the so-called "button": The safekeepers of a small black suitcase with the nuclear launch button. In their own quiet way they were present everywhere the president went—an aircraft, a ship, a leisure yacht in the Aegean Sea, military exercises, the Kremlin, or the countryside, in conditions close to an open-air barbecue—they were always within a few steps of the president, managing at the same time to remain completely unnoticeable. I do not recall them ever mingling with other people from the president's permanent entourage. I never saw any of them hold a glass.

After the Horse-Guardsman Hall—across the former Supreme Soviet hall and into a small room, located sort

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of behind the back wall of this formerly most prestigious hall in the USSR.

By the time of my last meeting with B.N. Yeltsin the hall was completely empty. Only a huge statue of Lenin, made of polished granite monolith, still ruled over the empty space, reminding all of the glory and misery of the old times. A gray cloth was draped over it now. According to M.I. Barsukov (by the way, an excellent connoisseur of the Kremlin's history), at the time the statue was to be installed in this hall, part of the wall had to be broken down in order to bring it in—so huge was the statue.

Now the same problem has arisen, except in reverse: How to remove this, in a sense remarkable, artwork. Some inner sense of political tact would not permit sawing the statue into pieces. And so he stood there, in the past elevated to a deity, Vladimir Ilich Lenin, waiting for his fate to be decided.

Anyway, behind Lenin's back there are several rooms, where in the old, communist times, members of the omnipotent Politburo gathered during breaks in Supreme Soviet meetings. There was (and still is) a separate elevator from this room to a secret Kremlin courtyard, from where Soviet limousines departed unnoticed, heading for the nearest party dachas.

When we entered this room, a long table already set with appetizers awaited us, and a familiar waiter was performing his magic over the bar in the corner. All this space—only three rooms, outfitted with all types of communications—was for some reason called "the zone." Nobody was ever let in here except the president and persons he invited.

The president made a gesture of invitation, and we found ourselves at the table: Boris Nikolayevich, A. Kozyrev, who was present at the ceremony of presentation of credentials, A. Korzhakov, M. Barsukov, and myself. The president pointed me to a place across the table from him, thus indicating the nature of the ceremony. On the table there was the usual "presidential" set of appetizers: a little caviar, ham sandwiches, and pirozhki.

"Do you have the green?" the president asked the waiter. By "green" he meant Tarkhun vodka, steeped in herbs that gave the beverage a pleasant fresh fragrance and a slightly green color.

Strangely, there was no "green" on hand. There was Gzhelka vodka, but for some reason the president did not want it.

"There is good cognac, Martelle," said Korzhakov.

"Oh, well, all right, give me cognac," sighed the president. "Kostikov here is a 'Frenchman,' he will probably like it," he said, hinting at my previous work in France.

He delivered the first toast—long and winding—a toast that was a reminiscence and a reflection, in the traditions of Russian feasts. Of course, there was a certain formal part in it too, taking into account the ritual of farewells, with the required exaggeration of the merits of the person being seen off. With a touch of tongue in cheek, knowing that nobody would believe it, and at the same time with the accustomed presidential confidence and pathos, Boris Nikolayevich was saying what an important diplomatic post I was being "promoted" to.

The president said that he would not object if the press learned about the fact of this get-together. Apparently, he wanted to refute in this unusual way the press comments that treated my resignation as an exile and possibly a harbinger of another personnel reshuffle, purging democrats from the presidential entourage.

"Remember, Vyacheslav Vasilyevich," the president repeated several times, "this is not an exile. You tell them that you had a normal farewell with the president....had a drink or two, as suitable for the occasion. Let them write it...."

Then I was given the floor. My speech was not distinguished by great originality.

Aides Need Aid Too

The formal conversion from a presidential press secretary to a diplomat was completed only at the end of May. I remember the date well—27 May.

Another reason I remember that day well is that right from the morning I was upset over a certain thing. On the street, a complete stranger recognized me by face and struck up a conversation. He started telling me what a right thing I was doing by leaving.

"You simply have saved yourself! Yes, precisely, saved—your health and perhaps even your life."

Apparently, this was one of Yeltsin's current opponents.

The problem, of course, was not B. Yeltsin but the fact that, given a small staff of presidential aides, they had to carry a tremendous physical and psychological load. We worked 12-hour days, including Saturday. I could feel that I was turning into an irritable, gloomy type, which I am generally not by nature. My daughter Dasha, watching my "evolution," told me more than once: "Dad, you have a bad job!" To be honest, in the evening, in order to relieve the emotional strain, I sometimes had to resort to the well-known folk remedy—a glass of vodka.

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Constant supervision on the part of the chief aide, Viktor Vasilyevich Ilyushin, was a big problem. Undoubtedly a very talented man, with a remarkable memory, an enviable capacity for work, and experience in apparat games and intrigues, he was possessed by some sort of jealousy.

For people of nonbureaucratic mold, who came to the president from an academic environment, and there were many of those—Satarov, Baturin, Livshits, Krasnov—this was wearisome. Without experience in apparat maneuvering, they constantly lost petty corridor battles. All this wore out the nerves and, in the end, general health. It was sad to watch this. Especially considering that many presidential aides came to work for him because of their democratic convictions. None were guided by material considerations. Moving to the presidential staff, many gave up higher earnings, and most importantly, free time. No doubt, had a more creative and sincere situation been established around the president, the output from the group of aides would have been considerable higher, and the number of the president's opponents—smaller.

Where the "Enforcers'" Strength Lies

....The press openly reported that Minister of Defense Pavel Grachev, who had promised the president a quick victory with as little as two divisions, now "was glossing over" the difficulties in Chechnya. However, besides the minister of defense, the president had enough alternative sources of information: the Federal Security Service and the Foreign Intelligence Service, whose heads practically daily personally briefed the president, among other things on Chechnya, and in urgent situations immediately reported news to the president over the phone. Finally, there was the national security adviser, Yuriy Mikhaylovich Baturin, who definitely was not prone to coloring the truth. A direct and independent man, who was well aware of the value of his competence, he valued in his way being in a position to tell the president the "truth and only the truth," which many times put him at odds with the "enforcement" ministers.

Baturin is by nature a rather reserved, reticent—some would even say boring—man, the kind Boris Nikolayevich does not particularly like. His deliberately gentle manners, manner of talking—in a low voice, slowly, as if weighing every word—could actually be rather irritating for the president, who, being a Russian to the utmost, also liked the display of Russian character in people: generosity, openness, and even a certain recklessness. It is probably not accidental that Yu. Baturin was not a member of that extremely small circle of people with whom the president likes to socialize outside the office. By the way, he never strived for it anyway. Unlike many others, who believed that "relaxing with the president in a sauna or drinking a glass or two with him granted a certain indulgence from sins," Yu. Baturin did not nurture such illusions.

And he was right. Suffice it to recall the sad fate of Viktor Barannikov, the former minister of security, to understand that the president—a truly social human being, a man who likes genuine Russian feasts and merriment, with toasts, talk, and jokes, and who can be an excellent toastmaster himself—when the time comes, he always knows how to put matter above the "drinking-buddy relationship." In V. Barannikov's case, the whole apparent bosom- friendship was present—feasts and hunting, playing dominoes on the plane, going to the dacha together. But when the minister of security stepped over a certain line which, in the president's perception, was not to be crossed, none of this helped him.

By the way, I do not share the accepted opinion that the initial cause of V. Barannikov's falling out of favor was improper behavior on the part of his wife, who, on one of her foreign trips, indulged in accepting expensive gifts. The president has never been a petty man. He went through the Russian school of politics with its well-known habits, for which Peter the Great in his time treated his favorite Aleksandr Menshikov to a whip more than once. Boris Nikolayevich always left a certain "margin," a certain "room" for permissible human weaknesses. Of course, he always knew about "minor indiscretions" among his entourage, but never stooped to petty score-settling.

The traditional Russian, as well as the current, so to say, "democratic," scale of theft and extortion in Russia are such that the gifts received by V. Barannikov's wife could hardly have constituted the real cause for his falling into disfavor. Undoubtedly, the split occurred at a different level. Most likely, Barannikov's contacts with the irreconcilable opposition were reported to Yeltsin. His subsequent appearance in the besieged White House in the company of Rutskoy and Khasbulatov supports this guess. It appears the scandalous story of gifts for Barannikov's wife was used as a pretext for the early removal of a potentially dangerous man from the then crucial ministry.

* * *

Because our work was literally wearing us out, many people advised me to start playing tennis, since the president liked this game; I never got around to it, though. My favorite sports has always been and remains long walks. Well, I found myself increasingly frequently

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in unpleasant situations where people would stop me on the street and tell me everything they thought of the president. Several times the discussion almost became a fistfight. Sometimes people expressed condolences, as they would to a person forced to play a role uncharacteristic of him. One woman, in the past, in her own words, a fervent "Yeltsinite," now told me that "it is your guardian angel that is taking you away from the Kremlin." I frequently recall this phrase. Not forgetting, however, something else: that, in my belief, it was fate that brought me to Yeltsin.

Russia: Government To Convince IMF of 'Irreversible' Reforms

LD2102113996 Moscow ITAR-TASS in English 1121 GMT 21 Feb 96

[By Gennadiy Yezhov]

[FBIS Transcribed Text] Moscow, February 21 (ITAR-TASS) — The Russian Government hopes to convince Michel Camdessus, managing director of the International Monetary Fund who arrives in Moscow this afternoon, that reforms in Russia are irreversible, ITAR-TASS learnt from a source at the office of the Russian Government here on Wednesday.

The source stressed that the main aim of talks which will open at the Government House today, on granting another extended facility credit to Russia, amounting to between nine and 12 billion U.S. dollars, is "to establish long-term cooperation between Russia and IMF and to remove apprehensions that the communist model of the economy can be restored in Russia".

Later in the day, Camdessus will have meetings with First Vice-Premier Vladimir Kadannikov, Central Bank Governor Sergey Dubinin and Finance Minister Vladimir Panskov.

Meetings with President Boris Yeltsin and Premier Viktor Chernomyrdin will be held on Thursday.

It will be remembered that the IMF leadership repeatedly linked, in their statements, the granting of another credit to Russia with stability of the political situation in the country and preservation of the course for market changes.

Camdessus' visit on the eve of the presidential polls and after general elections where Communists were in the lead, will be devoted, to a considerable extent, to familiarisation with sentiments and the political atmosphere in the Russian society, said the source who participated in preparations of the visit from the Russian side.

The managing director will meet editors-in-chief of leading newspapers on Friday and with the leaders of the Russian Orthodox Church on Sunday before his departure.

Russia may receive the credit from the IMF for three years with the first installment of three billion dollars already this year. This is the biggest credit ever received by Russia.

The source refuted concoctions that this credit can be used to support Yeltsin at the presidential elections this summer.

The IMF issues credits by separate installments and strictly controls them. At the same time, the granting of this big credit will undoubtedly have a favourable influence on an inflow of investments, stabilisation of inflation and the general economic situation in the country, the source underlined.

Russia: Soskovets: Small Businesses Could Influence Elections

LD2002192796 Moscow ITAR-TASS in English 1618 GMT 20 Feb 96

[By Oleg Velichko]

[FBIS Transcribed Text] MOSCOW, February 20 (ITAR-TASS) — Russian First Deputy Prime Minister Oleg Soskovets said on Tuesday that a muddled loan, law and tax system is impeding the evolution of Russia's small-size business.

Small businesses are retarded by "too complex crediting rules when their own funds are short, by inadequacy of the law base, a lack of protection from corruption and racketeering, a heavy tax burden," Soskovets said.

He said the government expects remedies to this from the State Committee for Small Business, a body which in cooperation with the government is to attract non-budgetary finance into the 1996-96 federal programme to promote small business. Internationally provided aid should be consolidated for priority programmes of small-size business, Soskovets continued.

"The Central Bank and commercial banks which had got credit resources from the European Bank for Reconstruction and Development for support of small businesses should have a more active part in it," Soskovets said.

He dwelled on regional enterprise. Even though a major proportion of small businesses are in Moscow and St. Petersburg, "it is not worth to hope that all problems of enterprise will be resolved in the centre," he said.

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The strengthening of the private sector is primarily a regional task, he said, promising the government's appropriations and tax privileges to regional privatisation programmes.

A guaranteed fund for crediting investment programmes is one of measures to give a boost to small business, Soskovets said. These programmes should be cooperative with those of the state, he went on to say.

Another measure of the state to assist small businesses is to attract cheaper foreign loans for them, he said.

With small businesses employing many people now and with Russia's presidential election ahead, businessmen, who have now developed the identity of owners, could seriously influence the choice of the Russians.

"This choice should be correct, we do not need more perestroykas, we need stability on the chosen road," Soskovets said.

Russia: Economic Reform Commission Reshuffled

MM2002155996 Moscow ROSSIYSKAYA GAZETA in Russian 20 Feb 96 p 3

[Russian Federation Government Decree No. 117 signed by Premier Chernomyrdin in Moscow on 8 February 1996: "On the Composition of the Russian Federation Government Commission for Economic Reform"]

[FBIS Translated Text] The Russian Federation Government decrees that:

1. V.V. Kadannikov, first deputy chairman of the Russian Federation Government, shall be appointed chairman of the Russian Federation Government Commission for Economic Reform.

2. S.Yu. Pavlenko, leader of the Russian Federation Government's Working Center for Economic Reform, shall be appointed deputy chairman of the Russian Federation Government Commission for Economic Reform and the Commission's senior secretary, relieving M.V. Boyko of these duties.

3. The following shall join the Russian Federation Government Commission for Economic Reform:

M.P. Afanasyev, first deputy leader of the Russian Federation Government's Working Center for Economic Reform;

S.V. Aleksashenko, first deputy chairman of Central Bank of the Russian Federation (co-opted);

A.P. Vavilov, Russian Federation first deputy finance minister;

S.M. Ignatyev, Russian Federation deputy minister of the economy;

P.A. Karpov, deputy general director of State Committee for the Management of State Property's Federal Administration for Insolvency (Bankruptcy).

A.B. Chubays, G.Yu. Glazkov, and M.E. Dmitriyev shall leave the aforesaid Commission.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government

[Dated] Moscow, 8 February 1996
No. 117

Military & Space Issues

Russia: Grachev's Visit to ZIL Plant Reviewed

MM2002160296 Moscow KRASNAYA ZVEZDA in Russian 20 Feb 96 p 1

[Report by Aleksandr Pelts: "'Armored' Vehicles Will Be Made by Moscow ZIL Workers on Orders of Defense Ministry"]

[FBIS Translated Text] KRASNAYA ZVEZDA has already reported that an order was placed during the 16 February visit to the ZIL [expansion unknown] plant by Army General Pavel Grachev, Russian Federation defense minister ZIL workers are to supply the troops with 3,500 trucks fitted with "light" armor" and 200 small fire-fighting vehicles within the year. I must stress that in the current difficult times this kind of order provides automobile plant workers with considerable support.

During his visit to ZIL the Russian Federation defense minister looked around the plant's new body shop. With its latest equipment, complex automated production lines, and top-notch specialists.... That is all there. All that was lacking was an order. Production capacities designed to manufacture hundreds of truck bodies per day were being utilized only 20-percent.

Lack of orders is also the main reason for the ZIL workers' grave economic position. Admittedly, one must give them credit. Plant workers proudly showed the defense minister their latest developments. Primarily, needless to say, these are products intended for the national economy. The only trouble is that today's peasants are unable to buy it.

The Armed Forces' vehicle fleet is getting worn out. The defense minister frankly said so when talking to workers. That is why last year during a similar visit to the plant he asked ZIL staff to think about manufacturing a new truck. And not an ordinary truck painted in camouflage colors. The Armed Forces need a truck that is adapted as far as possible to operating in combat conditions.

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ZIL workers have produced just such a truck. Supreme cross-country capability, reliability, ease of operation, "durable" chassis, and long range — all these specifications have been maintained in the best traditions of the national automobile industry. But there is also a special feature. The new ZIL, if I can put it like this, has acquired a military uniform. The driver's cab is protected by light armor plating, which can, where necessary, rapidly be put in place by one person. There are also certain other technical innovations that enhance the vehicle's reliability, particularly during use in the "hot spots." There is no doubt that the troops need this kind of vehicle.

Russia: Former Republics Owe Russian Defense Ministry $6.7 Billion

LD2002201096 Moscow ITAR-TASS in English 1934 GMT 20 Feb 96

[By Artem Protasenko]

[FBIS Transcribed Text] MOSCOW, February 20 (ITAR-TASS) — The debt of the former Soviet republics to the Russian Defence Ministry amounts to 6.7 billion U.S. dollars, Colonel-General Vladimir Zhurbenko, deputy head of the general headquarters of the Russian armed forces, said on Tuesday.

Zhurbenko spoke at a meeting of a governmental commission on Commonwealth of Independent States (CIS) issues chaired by vice-premier Aleksey Bolshakov.

The general said that the former republics owed a considerable portion of the debt to Russia's military schools and colleged which provided training for CIS citizens.

At present, the military colleges under the Russian Defence Ministry and the Border Guard Service can admit up to 1,000 students a year which is enough to meet the personnel requirements of the new national armies.

The commission decided to introduce a special budget item in 1997 to finance the military training programme for CIS students. They will enjoy the same treatment as the Russians but the number of students from each CIS state will be stipulated in contracts with the Russian Defence Ministry.

Russia: Communication Satellite Fails To Enter Orbit

LD2002195496 Moscow ITAR-TASS in English 1745 GMT 20 Feb 96

[By Veronika Romanenkova]

[FBIS Transcribed Text] MOSCOW, February 20 (ITAR-TASS) — Russian Raduga (Rainbow) communication satellite, launched on Monday from the Baykonur cosmodrome in Kazakhstan, failed to enter the calculated orbit,' the Mission Control Centre told ITAR-TASS on Tuesday.

This was caused by malfunctions in the Proton booster, launching the satellite. The satellite itself is in the working condition, ITAR-TASS learned from informed sources.

However, the satellite can hardly be expected to perform its task. The Raduga was supposed to be put to the geostationary orbit, i.e. to be "fixed" over a certain point, whereas now it is changing its position to the Earth.

The causes of the incident are being investigated, ITAR-TASS learned at the press service of the State Chrunichev Space Centre, where Proton rockets are made.

The Raduga satellite was designed to ensure telephone and telegraph communication. Seven satellites of the Raduga type are always situated in the orbit. The satellite launched on Monday [19 February] was to replace one of the "colleagues," which exhausted its life resource.

Federal Assembly

Russia: Duma Demands Clarifications of Presidential Campaign

LD2002151696 Moscow ITAR-TASS in English 1121 GMT 20 Feb 96

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, February 20 (ITAR-TASS) — Russia's First Vice-Premier Oleg Soskovets thinks it is "pointless" for the Duma to consider the status and activity of the presidential election headquarters at its plenary meeting.

The Vice-Premier said in a letter addressed to Duma speaker Gennadiy Seleznev that Boris Yeltsin had announced his intention to set up presidential election campaign headquarters because a considerable number of voters' groups have been formed in the country to nominate candidates for president and in order to extend necessary organisational support of their activity, as well

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as in order to enable bodies of state authority to assist electoral commissions in exercising their powers.

"Neither the President nor the government of the Russian Federation have adopted any official resolutions on the matter, including campaign headquarters, its leadership, composition and status," Soskovets said in the letter.

"With the above in mind I think that a discussion of this question by the State Duma is pointless," the Vice-Premier said.

Nonetheless, the lower house insists on the First Vice-Premier's personal appearance at a Duma plenary session for clearing up a number of questions in the house.

Today, the Duma reiterated its invitation for Oleg Soskovets to appear in the State Duma on Friday. "The Duma Council decided that a message in writing is not sufficient," speaker Gennadiy Seleznev told journalists.

Russia: Duma Council Bills To Scrap CIS, Restore USSR

LD2002155896 Moscow ITAR-TASS in English 1530 GMT 20 Feb 96

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, February 20 (ITAR-TASS) — The State Duma Council has placed before parliamentary committees and factions the bills which set out to scrap the CIS-founding agreement of 1991, State Duma deputy speaker Sergey Baburin said at a news conference on Tuesday.

The council is the head planning body of the communist-dominated State Duma.

Baburin said he had motioned the bills of federal laws and of the Duma's resolutions which set would confirm the judicial force of the March 17, 1991 referendum on keeping the USSR in place.

If passed, the laws are to denounce the CIS-founding agreements which were drawn up at Byelovezhskaya Pushcha and to revisit the definition of Russian citizenship.

According to Baburin, these bills "create political and legal conditions for phased restoration of the state integrity of the former Soviet Union on principles of voluntary consent and equality."

The State Duma Council ordered committees and factions to scrutinise the bills by end-February and submit their criticism and proposals.

The bills are to be put before a State Duma session.

Russia: Duma Ratifies Documents on Joining Council of Europe

LD2102092796 Moscow ITAR-TASS in English 0920 GMT 21 Feb 96

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow February 21 (ITAR-TASS) — Russia joined the charter of the Council of Europe on Wednesday as the State Duma ratified a corresponding document by an overwhelming majority of votes.

304 lawmakers backed the federal law on joining the charter, 18 were against and 10 abstained.

The Duma also voted to join the general agreement on privileges and immunities of the Council of Europe and the protocols to it.

300 lawmakers backed the joining, 12 were against and nine abstained.

Regional Affairs

Russia: Regional Focus for Yeltsin Report Urged

964F1090A Moscow NEZAVISIMAYA GAZETA in Russian 3 Feb 96 p 3

[Article by Ilya Maksakov: "Proposals for the Shaping of Federalism: The Reforms-New Course Movement Will Support Boris Yeltsin if the Latter Heeds Its Recommendations"]

[FBIS Translated Text] The Reforms-New Course (RNK) movement, which was formed recently by Vladimir Shumeyko, the former chairman of the Federation Council, has from the very outset been oriented toward support for the candidacy of Boris Yeltsin at the forthcoming presidential elections, has been operating actively in this direction, and has even prepared its own proposals for the annual message of the president of the Russian Federation. A special place in the document drawn up by the Shumeyko team is occupied by recommendations for the shaping of federalism and the relationship of the federal center and the state institutions of the components of the Federation and for the development of local government.

The movement deems it expedient that the presidential message note the actual shaping of elements of federalism as a most important result of the activity of the legislative and executive authorities. The RNK considers as the main directions of federative building the elaboration of a concept of legal reform and further realization of the Constitution of the Russian Federation and assurance of the legal, economic, and social guarantees of its efficacy. It is proposed that the president

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mention the possibility of improvement of the basic law by way of the adoption of amendments in accordance with the proposals of all subjects of legislative initiative. In addition, the movement considers essential a "stock-taking" of the entire structure of the legal support for Russian federalism and the elaboration of a program of priority bill- drafting work incorporating such principles as the actual equality of all components of the Russian Federation and the supremacy of federal legislation on questions of the formation and development of a common political and legal space and also the equality of a citizen of the Russian Federation on the territory of any component thereof.

An opinion as to the need for the elaboration of the legislative procedure of a change in the status of a component of the Russian Federation and as to the formation and acceptance within Russia of new components should, in the opinion of the RNK, be heard in the message. At the same time, on the other hand, treaties that have been concluded between the center and the regions which violate the principle of the equality of components of the Federation should be brought into line with the provisions of the Constitution.

The principles of the delineation of the terms of reference and the conditions of the mutual delegation of authority along the "Federation-component" vertical line should be established legislatively. The RNK proposes for state supervision of the execution of legislation and the process of federative building the creation of a special institution in the system of state power.

We may consider as a shortcoming of the drafted proposals their authors' insufficient attention to the problems of interethnic relations and the elaboration of an official nationality policy, which has been exacerbated in the extreme as of late. The movement merely declares the need for the inclusion of these points in the overall structure of the president's message.

Justifying its own name, the RNK proposes a number of priority measures in adjustment of the reform policy. They include social, economic, and constitutional law measures. Specifically, a number of proposals for smoothing over the public's mass rejection of the reform course, the cause of which is the dissatisfaction with the social costs of the policy that the government is pursuing. The movement calls for the surmounting of mass poverty in Russia and for order to brought to bear in the activity of the Retirement Fund.

It is proposed that a mechanism of realization of the Russian institution of the presidency be drawn up even before 16 June. And that for this the functions and powers of the office of the president be specified, the status and range of powers of representatives of the president in components of the Federation defined, and an initiative of amendments to the Constitution expanding the freedom of action of the government be presented inasmuch as the high degree of the power of the president over the cabinet means that the head of state bears the entire responsibility for the miscalculations of the government in the event of its resignation.

Russia: Yeltsin Dismisses Arkhangelsk, Saratov Officials

LD2102105296 Moscow ITAR-TASS World Service in Russian 1146 GMT 21 Feb 96

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 21 Feb (ITAR-TASS) — Today Russian President Boris Yeltsin relieved of their posts by his decree head of administration of the Arkhangelsk Region Pavel Balakshin and head of administration of the Saratov Region Yuriy Belykh, as well as Vladimir Golovachev, the presidential representative in the latter oblast, for failure to channel budget resources for intended targets. ITAR-TASS was given this information by Aleksandr Livshits, presidential aide on economic matters.

Russia: Preparations for Opening Oil Fields in Sakhalin Noted

LD2102115596 Moscow Russian Public Television First Channel Network in Russian 0900 GMT 21 Feb 96

[From the "Novosti" newscast]

[FBIS Translated Text] The law on the agreement to share output, which was adopted last year, has enabled the first steps to be taken in preparing to implement projects on opening up oil and gas fields on the Sakhalin shelf.

The allocation of land for the construction of plants to liquify gas and for the construction of an oil terminal has finished. They will be built in the south of Sakhalin, on the coast of the Aniva Gulf. It is planned that a pipeline, over 800-km long, will extend this far. But this is only one of the many aspects of the preparations to open up oil and gas fields on the Sakhalin shelf, which will last between three and five years. Further exploration work on the fields is required to clarify the extent of raw material reserves. Foreign companies, which have joined forces as the Sakhalin Power international consortium, are setting $50 million aside for this purpose. The Sakhalin administration is selecting enterprises which are to take part in the construction of the facilities. So far, 148 domestic

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and 55 foreign firms have been chosen. Two Russo-American joint ventures have been set up to construct offshore recovery platforms. The value of the Sakhalin-1 and Sakhalin-2 projects is put at $25 billion. Their implementation will enable to problem of supplying the Russian far east with power to be solved and will bring large profits from the supply of oil and gas to the countries of the Pacific Basin.

Russia: French Premier Signs Agreements in Tatarstan

MM2002143596 Moscow ROSSIYSKAYA GAZETA in Russian 20 Feb 96 p 1

[Report by Dmitriy Mikhaylin: "Paris Finds Common Ground With Kazan"]

[FBIS Translated Text] Kazan — French Prime Minister Alain Juppe paid a one-day visit to Kazan last Friday [16 February].

Apart from resolving some strategic issues, Alain Juppe's meetings in Kazan covered the problems of cooperation between France and Tatarstan in certain sectors — the aviation industry, banking, investment, communications and telecommunications, and agriculture.

In addition, two protocols were signed: on cooperation with French firms — Syukden [name as transliterated] (modernizing the republic's sugar industry) and Thomson (modernizing Kazan airport) - - were signed.

Alain Juppe and Mintimer Shaymiyev also signed a final document on the creation in Tatarstan of a French language and culture center.

Russia: Moscow Sewers Said To Access Sensitive Facilities

MK2002144396 Moscow KURANTY in Russian 20 Feb 96 p 1

[Report by Sergey Ganzhin: "'Vesuvius' in the Bowels of Moscow"]

[FBIS Translated Text] Moscow "diggers" [kopateli] from the "Diggery Planety Andegraund" [Diggers of Planet Underground] movement, together with municipal utility authorities, have begun an operation codenamed "Vizuviy [Mt. Vesuvius]." In fact, something the diggers [inspectors of Moscow's sewer system] have been saying for so long has happened — Moscow authorities have at last paid attention to the alarm the diggers have long been sounding with regard to the "permeability" of Moscow's underground facilities.

"Entering the sewer system," the head of the diggers, Vadim Mikhaylov, contends, "on the outskirts of Moscow, you can make your way beneath the so-called mailboxes [enterprises or establishments doing classified work, usually of a military nature], under the Central Bank, and even under the Kremlin." Mikhaylov does not even mention hospitals and kindergartens. If someone should take into his head to carry out a terrorist act, there is no finer way than the underground [sewer system] to get to the facility of your choice....

Nothing of the kind has happened so far, thank God, but according to information released by the diggers yesterday, during the course of a repeat checkup on underground facilities of so-called special designation (the United States Embassy, the high-rise building on Ploshchad Vosstaniya, the Central Thermal Power Station), it was noted that [entry doors] to the sewer systems in the area of the Belorusskiy Vokzal [railroad station], with an especially high concentration of foreign embassies, remain open as before (they were broken open, in all likelihood).

The diggers also found unobstructed entry to the central artery [main pipeline] of the Thermal Power Station under Sadovoye Koltso [ring road around central Moscow]. A pipe of one and a half meters in diameter supplies heat for a whole neighborhood that includes the American Embassy and the high-rise building on Barrikadnaya [Street]. The diggers claim that you cannot get down there without special gear. Who would stir up the quiet of Moscow's underground and why? This is an open question, because people in black have been seen down there on more than one occasion, but nobody has ever been detained. "Vezuviy" might help, because the results of the operation upon its completion will appear on the desk of Moscow Government Minister Aleksandr Matrosov.

Economic Issues

Russia: Kadannikov on Budget, Policy Guidelines

MK1702133996 Moscow KOMMERSANT-DAILY in Russian 17 Feb 96 pp 1-2

[Unattributed report on press conference by First Deputy Premier Vladimir Kadannikov: "The Deputy Premier Guards the Law — the Budget Law"]

[FBIS Translated Text] As befits a deputy premier responsible for the economy, Vladimir Kadannikov, at his first press conference as a member of the Russian Government, within an hour managed to comment on practically all questions — from the payment of wages to the currency exchange band.

From the very start of his first "government" press conference Vladimir Kadannikov ceded the initiative to

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journalists. Waiving an introduction, he only took their questions, saying a lot of interesting things. For instance, Kadannikov considers it necessary to drastically revise the privatization concept. According to him, the state is not coping with managing its property. Representation by the State Property Committee in companies where the state has a stake is poorly organized. This, as far as could be understood from the deputy premier's words, is the main flaw in the loans-for-shares auctions, which as a result do not produce the required result.

Property, Kadannikov contends, should be managed quite differently. This should be done by specialists who will be able to say whether or not government-owned companies can operate at a profit. If not, this state property can be ceded, for instance, mortgaged. When a semi-state or state enterprise is profitable, the need to share with the state will force the owner to initiate privatization. "The vector of privatization should be changed. Not from top to bottom, but in such a way that privatization is beneficial for those who buy it," Vladimir Kadannikov believes. It is noteworthy that listening to Kadannikov's considerations on privatization along with journalists was Aleksandr Kazakov, the newly appointed head of the State Property Committee. At first both were expected to speak. But then Kazakov decided to take a timeout: His press conference will be on Tuesday [20 February].

"I am guarding the fundamental economic law — the budget law!" This emotional phrase could have been pronounced by Kadannikov's predecessor, Anatoliy Chubays, as well. True, Kadannikov himself thought this was insufficient as an oath of loyalty to the ideas of financial stabilization and continued in the same vein: "I will not allow any encroachments which would erode the budget. Some of our sectoral ministers themselves do not understand what they are saying when they demand a small emission — only to close the most glaring gaps. This 20 trillion [rubles] will reverse everything that was achieved last year." Now, according to Kadannikov, the government hopes that average monthly inflation in the first quarter will be 3.9 percent, falling to 1.9 percent toward mid-year. But if this does not happen, Kadannikov warned, there will no hope left.

The deputy premier considers the social price of financial stabilization to be too high. "It has reached a level which cannot be sustained," he said. The critical situation in the social sphere (although Kadannikov said that there is no direct connection between wage arrears and budget execution) calls for other approaches and greater flexibility from the government: "Strategically, we should maintain monetary stability, but tactically, within the budget framework, the emphasis should be placed on weakening social oppression."

At his first press conference the first deputy premier often used the phrase "an individual approach should be used in all areas." "There can be no universal approach in this country — it is so diverse," the first deputy premier said. The results of the loans-for-shares auctions, according to him, call for a special approach; support for national industry also demands a case-by-case approach ("each sector and each region should be treated individually"); and at the end of the day the currency exchange band also requires a special approach.

Kadannikov also made a surprise statement that the government has upwardly revised the currency band for the first quarter. According to Kadannikov, this is done regularly, depending on the actual execution of the budget revenues and expenditures plan. True, considering that on the same day the president also spoke on the subject of the currency band (to the effect that it can be changed only after 1 July), it is clear that this is not about revising the band for ruble fluctuations announced last fall (4,500-5,150 rubles per dollar) but a band that the government is establishing for itself in planning the parameters of monetary policy for the next three months.

Vladimir Kadannikov: First Days

Vladimir Kadannikov spent the first five days after his appointment to the post of first deputy premier in Togliatti. His main task at that moment was to make certain that his protege Aleksey Nikolayev is elected to the post of general director and president of the "AvtoVAZ" joint-stock company. Until yesterday Kadannikov's only public statement as first deputy premier was a short interview with the cable TV network of the Volga automaker. In it he made two noteworthy statements. First, he admitted the possibility of a redistribution of functions between himself and First Deputy Premier Oleg Soskovets, and second, he announced that his appointment will not serve as grounds for large-scale support for AvtoVAZ. According to him, there can be no question of targeted assistance for the Volga plant.

On 30 January Kadannikov moved into Anatoliy Chubays' office on the fifth floor of the White House and received Economy Minister Yevgeniy Yasin among his first visitors. According to the latter, in the course of the conversation Kadannikov showed a "sober approach." On the following day the first deputy premier attended a closed session of the government commission on financial and monetary and credit policy, the results of which have not been reported.

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The morning after, Vladimir Kadannikov and Yuriy Luzhkov received the order "For Services to the Motherland" from the president's hands. True, unlike the first deputy premier, Luzhkov was awarded a second, not a third class order.

Kadannikov heard another compliment on 2 February — from "Rosugol" company President Yuriy Malyshev, who after a meeting with Kadannikov, also attended by Vitaliy Budko, chairman of the Russian Coalminers Trade Union, noted: "Vladimir Kadannikov has come to the government with a fresh look at things." Be that as it may, after the meeting Budko said the strike could be stopped.

After a 7 February conference with the prime minister on the execution of the federal budget, Kadannikov got down to the problem of the timely payment of wages and pensions to employees in budget-subsidized sectors and also preparations for negotiations with an IMF delegation on extending Russia a $9 billion EFF [extended fund facility] credit. Apart from the chairmanship of the Commission on Financial and Monetary and Credit policy and the Commission on Nonpayments, Kadannikov has to bear the less pleasant burden of the Chechen settlement, being deputy chairman of a corresponding commission.

The most prominent event in the apparat life of the new deputy premier in his three weeks in office was last Wednesday's session of the Nonpayments Commission. Kadannikov appeared in a role synthesizing the manners of Oleg Soskovets and Anatoliy Chubays. Kadannikov accentuated the connection with the latter both by abundant compliments in his speech (on the whole the praise was quite sincere) and the refusal to change the composition of the secretariat which he inherited from Chubays. Experienced apparatchiks, however, see the latter as a sign that Kadannikov does not link his strategic plans with his current post.

Russia: Ministry Views Tax Shortfall, Overspending

MM2102121496 Moscow IZVESTIYA in Russian 21 Feb 96 p 2

[Report by Irina Savvateyeva: "There Will Be No Means of Payment Left if, as Happened Last Year, the Budget Fails To Receive One-Sixth of All Tax Rubles"]

[FBIS Translated Text] For the first time in the past few weeks, which have been marked by overt financial populism, the authorities have moved from the question of how to allocate more money more quickly to a less politically profitable subject. Just how effectively is money received from the budget being used? Just how timely is it being received?

Speaking at an enlarged session of the Russian Federation Finance Ministry Collegium, First Vice Premier Vladimir Kadannikov made the following very typical statement:

"The number of people wanting to spend budget funds will be increasing every day.... But if we do not change the situation relating to the revenue side of the budget and if we are unable to link expenditure to revenue, this could end in a major disaster."

In the course of his speech the vice premier reproached local-level financial organ staff who had called for commodity loans to the countryside to be written off:

"We should not treat commodity loans along the lines that some people have been hit by drought and others have been hit by dry winds.... The loans must be repaid in full."

Finance Minister Vladimir Panskov also insisted on the need to battle for the revenue side of the budget: "We have already learned how to divide things up, but there will be nothing left to divide if we do not rectify the revenue situation."

The following alarming figures were voiced at a Finance Ministry collegium session. The key tax collection indicator — tax receipts going into the federal budget as a percentage of GDP — has been noticeably declining. Whereas in 1994 it stood at 12.4 percent, in 1995 the figure was 11 percent.

On the basis of the results of the last fiscal year the shortfall in the federal budget alone came to 30 trillion rubles [R], or 1.8 percent of GDP. To make things clearer: This is more than all the funds spent by the federal budget last year on the social sphere (1.49 percent of GDP). The shortfall in funds going to the consolidated budget (budgets at all levels) had reached R60 trillion by the year's end.

On the basis of official tax inspectorate figures alone, one in every six of Russia's 2.4 million corporate bodies is in arrears. Vladimir Zverkhovskiy, deputy head of Russia's State Tax Service, outlined the arrears situation with the following figures: The budget is failing to receive one in every six rubles due to it, and every 11th ruble that does make it into the budget is "removed" by compulsory levy.

Vladimir Panskov said that the main reason for last year's budget arrears was the retention of the "30/70" concession — the ring-fencing of 30 percent (and for certain sectors, 50 percent) of profits made by enterprises in the material sphere for the payment of wages. These concessions, the finance minister calculates, last

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year cost the federal budget R15.3 trillion and the consolidated budget more than R25 trillion.

The finance minister's report also noted another very dangerous trend. Barter and cash payments — methods of settlement that are not reflected in enterprise accounts or in their financial reporting and, consequently, are not subject to taxation — are being employed increasingly frequently in the economy. In the fuel and energy complex, for instance, only 30 percent of transactions last year were carried out by means of direct fund transfers between accounts.

The deputy head of the tax service quoted examples of budget discipline being violated by the authorities themselves. Thus, Governor Yuriy Nozhikov of Irkutsk granted the four biggest taxpayers in his oblast — including Irkutskenergo and the local branch of the railroad — a deferral of payments to... the federal budget. In Vladimir Zverkhovskiy's opinion, the budget's interests are also not being sufficiently upheld by the Central Bank in its work with the commercial banks. "The Central Bank currently defends the banks' interests even if they run counter to the budget's interests," Zverkhovskiy stated.

There was a special discussion about the way in which funds that actually reach the budget are spent. Yuriy Danilevskiy, chief of the Finance Ministry Control and Auditing Administration, voiced alarm about the fact that "Russia has never known such weak financial controls." According to the Finance Ministry Control and Auditing Administration, the total hidden damage done to the state last year as a result of the nontargeted utilization of budget funds came to around R5 trillion. Serious violations were recorded in the utilization of funds allocated for the purpose of shipping agricultural produce to the Far North, as well as for funding the coal sector. According to Danilevskiy, money allocated to support coal mines was sometimes found being used to build churches or to maintain soccer teams.....

Vladimir Panskov approached the problem of the spending of budget funds from another angle. He stressed that a whole series of line items had not been funded last year because unplanned budget expenditure had arisen. More than R3 trillion went to importing enterprises (above all to the National Sports Foundation) as compensation for the abolition of customs concessions. More than R7 trillion went in federal budget loans to the Pension Fund, which found itself unable to cope with the 54-percent indexation of the minimum wage carried out on the initiative of deputies and not provided for in the budget. And more than R5 trillion went on spending to acquire precious metals that had been sold off to cover the unplanned expenditure.

Russia: Dubinin on IMF Credit, Banks, Budget

MK2102123096 Moscow KOMMERSANT-DAILY in Russian 20 Feb 96 pp 1, 5

[Report on press conference by Central Bank Chairman Sergey Dubinin by Mikhail Loginov in Moscow on 19 February: "The Failure of Negotiations With the IMF Threatens Russia With Bankruptcy"]

[FBIS Translated Text] Yesterday Sergey Dubinin, chairman of the Bank of Russia, held a press conference in Moscow. The Central Bank chief's conversation with journalists logically divided into two parts: First it concerned Russia's negotiations with the IMF on a three-year program to be supported by the IMF's $9 billion EFF (extended fund facility) credit, and then the situation in the Russian banking system. Present at the press conference was Mikhail Loginov, chief of KOMMERSANT-DAILY's financial desk.

Sergey Dubinin as Head of the Russian Delegation at the Negotiations With the IMF

The press conference opened with Sergey Dubinin's brief introduction. He reminded the audience that within the next few days IMF Executive Director Michel Camdessus is to arrive in Moscow. It is expected that in the course of this visit the question of extending Russia a $9 billion credit will be decided in principle.

According to Mr. Dubinin, today "you can say that the agreement is in a high state of readiness, but the IMF mission and the Russian delegation decided to submit four questions to a political level." In this connection Mr. Dubinin asked to see Prime Minister Viktor Chernomyrdin and apparently tomorrow a delegation led by the Central Bank chairman will brief the premier on the situation at the negotiations. According to the Central Bank chairman, the fact of Michel Camdessus' visit to Moscow alone does not yet mean that the negotiations might not flounder for lack of agreement on fundamental matters. "This needs to be understood clearly," Dubinin said. True, he hastened to stress that he rates the probability of the failure of the negotiations as 1:100. Then the Central Bank chief proceeded to take journalists' questions.

[Loginov] The impression is that not all government members are aware of the importance of the IMF credit for Russia. Take, for instance, the recent statement by Internal Affairs Minister Kulikov. What is the reaction to such statements in the IMF?

[Dubinin] I would not comment on the IMF's reaction to specific statements; this question should be addressed to the Fund itself. At the negotiations themselves, I am

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naturally offering explanations of so-called new initiatives. This explanation is quite unequivocal, the gist of it being that the Russian government will consider any initiatives within the limits of the established budget expenditures and revenues, the size of the state debt, and so forth. Everything that we are going to do will stay within these limits.

If any other decisions are made, this could result either in the negotiations breaking down or — when the program is already under way — the violation of the agreed terms, the non-provision of funds, and the rupture of the agreement.

[Loginov] Could you provide a tentative "calculation" of losses should the negotiations with the IMF fail?

[Dubinin] We have planned in our budget for certain revenues which are directly linked to the results of the negotiations. First, $3 billion of the EFF credit has already been included in the budget. If the credit is not extended, this, understandably, will be the first loss. Second, if we fail to secure a document on coordination of our economic policy with the IMF, the situation at the debt-rescheduling negotiations will be severely complicated. Options here range from quarterly deferments (as was the case in 1992-1993) to Russia's being officially declared bankrupt. Then creditors will take action — coordinated within the Paris Club or not. I would not like to lay it on too thick by saying that they will necessarily seize our state property abroad. But there will be such a headache.... In brief, the rescheduling of a $16 billion debt will automatically be withheld. This can also be considered a loss.

Furthermore, foreign companies will hardly want to invest in a country which has failed to receive IMF support, and the plan to give foreign entities access to the T-bill [GKO] and federal loan bond [OFZ] market will remain empty noise. They will simply not come here. We expected, however, to raise substantial funds from foreign investors — on the order of $1-1.5 billion within half a year. It is also hard in this situation to imagine the placement of Eurobonds: We are hoping to place $2 billion [worth of Eurobonds], because their market is also very sensitive to the position of creditors. The quotation of internal dollar-denominated loan bonds will also fall, because 50 percent of this market is also constituted by foreign capital.

Add here the political losses: A bankrupt country can hardly be viewed as a great power aspiring to a global role in the world process.

[Loginov] Does the government have an "emergency" plan should the IMF credit not be provided?

[Dubinin] I will not comment on this.

[Loginov] If no agreement with the IMF is reached in the course of Michel Camdessus' visit to Moscow, will this mean the final and irrevocable failure of the negotiations, or will further negotiations and exchanges of visits still be possible?

[Dubinin] This is a highly relevant question. We believe that we shall be able to sign documents during Mr. Camdessus' visit to Moscow. But if we agree on one or two points and fail to finalize them during the IMF director's visit in Russia, we shall be able to do so after he leaves. Naturally in this event corresponding statements will need to be made, but this will in no way be considered a failure.

Sergey Dubinin as Chairman of the Russian Central Bank

[Loginov] You mentioned that some questions concerning structural policy have not been coordinated. Could you be more specific and enumerate the points on which agreement has so far not been reached?

[Dubinin] The negotiations are not over yet and therefore I would not like to comment on these matters in detail. Among other things, much attention has been given in particular to the banking sector. True, it needs to be said that we have already done much in this sphere. For example, Instruction No. 1 ("On Procedures for Regulating the Activity of Credit Organizations." — KOMMERSANT-DAILY) "covers" two-thirds of the questions the IMF raised with us. The regulation norms it stipulates come close to international standards.

What must be done in 1996 by all means is to create a special institution either within the Central Bank framework or in close association with the Bank of Russia which will deal with banks that are in trouble. This institution will look for partners among large banks for banks in distress; conduct financial streamlining procedures; appoint, with Central Bank permission, provisional administrations; conduct liquidation procedures, and so forth. I think that all this will be done within the framework of the Bank of Russia.

[Loginov] How many Russian banks are currently in trouble?

[Dubinin] Approximately 600 banks are "sick."

[Loginov] The banking crisis showed that banks handling federal and local budget accounts can become bankrupt. Is it planned in this connection to withdraw budgetary funds from commercial banks in 1996 or 1997?

[Dubinin] We have discussed the problems with our colleagues at the Finance Ministry and worked out this

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approach. Under the law, the budget accounts of credit principals, i.e., ministries, may not be held in commercial banks. These accounts must be handled by the Central Bank alone. This rule has been violated: Such accounts are known to be processed by commercial banks. True, relatively small sums are involved, not the whole budget. Even so, such instances have occurred, and this must gradually be stopped. There are a number of banks today which handle the accounts of the Customs Committee and the Pension Fund, and we shall treat them on a case-by-case basis. If banks perform their functions flawlessly, I do not think they should be punished or that these accounts should be withdrawn immediately. Although how long they will stay there is a question that remains to be decided. My position is that banks should be given time to adjust: They should be told that by a certain date you are to cede these accounts, but you have a certain grace period during which you can quietly prepare for this. At least no order was issued to transfer everything immediately to the Savings Bank [Sberbank] (earlier this year Sberbank was appointed the principal authorized bank for operating federal accounts and is now making appropriate preparations. — KOMMERSANT-DAILY).

[Loginov] Recently rumors reemerged to the effect that the Central Bank is planning to return to the question of a "single" account for all enterprises and organizations. Is this true?

[Dubinin] This subject is being continuously brought up by tax agencies. I understand them very well and, when I worked at the Finance Ministry, I myself actively supported this idea. True, now, when I am at the Central Bank, it is difficult for me to support it so actively, because I know the banks' problems a little better, and this is very difficult to do organizationally. Yet, the tax procedure needs to be streamlined. The Finance Minister recently stated that the main problem is uncollected taxes — the profit tax, the special tax, etc.

[Loginov] It is known that the Central Bank's ability to lend directly to Finance Ministry is limited by law, while there are reasonable or unreasonable needs for additional funding. Apart from direct government lending, there are a number of legal methods of issue. For instance, the purchasing of surplus dollars or the expansion of state securities. Speaking of the second method, is the Central Bank under pressure to invigorate its activity on the secondary GKO/OFZ market? Is there a danger that such "indirect" issues will be expanded?

[Dubinin] There is always a certain danger of some failures in the policy which we officially pursue. But while recognizing the possibility itself, we do not necessarily recognize that a real threat in effect exists. A real threat will emerge if there is no approved monetary program and the Central Bank in some way or other has to maintain the rate of those securities that will be issued. Strictly speaking, it would now be possible to dump any volume of securities at preposterous yields. When will the Central Bank be obliged to redeem the paper? At the moment of repayment. Then we shall redeem them — i.e., not earlier than in three months. So, when somebody is going to issue a certain amount of securities, he should coordinate this with us.

[Loginov] Recently the Bank of Russia lowered its refinancing rate. Is the Central Bank going to develop an interest rate system?

[Dubinin] Yes, our Board of Directors has already discussed the question of a Central Bank interest rate system. The refinancing system will be set as an element of the system, the elaboration of which we are hoping to complete by 1 April.

Russia: Kulikov's Suggestions Cause for 'Alarm'

MM2002164496 Moscow KOMSOMOLSKAYA PRAVDA in Russian 15 Feb 96 p 2

[Article by Yevgeniy Anisimov: "Aha! Hands Have Gotten Used To Swinging the Ax! For Some Reason Nobody Apart From Journalists Has Responded to Internal Affairs Minister's 'Economic Initiatives...'"]

[FBIS Translated Text] Initially experts on the economy reacted to MVD [Ministry of Internal Affairs] Minister A. Kulikov's speech at a government session at the end of last week with, to put it mildly, irony. What else was to be expected of a police general and the analysts under him, they said? They have been trained to sort out problems by simple and radical methods — an assault, snipers, tear-gas grenades.... But the tears of emotion at the general's simple-heartedness immediately dried when not a single government member risked coming out with a rebuke. That is the first point. Second, somehow everybody suddenly recalled that the minister was also a doctor of economic sciences and had much more moral right to interfere in the economy than other generals. Third, an individual can say anything he likes, but an idea becomes a material force only when it takes hold of the masses. In our case Kulikov's ideas appear to be very timely — something similar has been said by Communist Party of the Russian Federation representatives, and in the last few years very many people have talked about tightening state control of the economy. The idea exists, but it seems that it will not become a cause for the masses.

Kulikov's main thesis is that emergency measures are needed to top up the state budget. The internal

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affairs organs' interest in solving this complex task is motivated by a very weighty reason — the funding of these very organs comes from the budget. It is hard to get anything out of an empty pocket, which means that this pocket must be filled up. Reasonable? Entirely. But when proceeding toward a good goal one must always bear in mind the ways and the cost of achieving it. The general proposes, among other things, the partial nationalization of a number of commercial banks and "commercial monopoly structures." Namely: Gazprom, ZIL, Kamaz, Avtovaz, Lukoil, Yukos, Promstroybank, Agroprombank, Mosbiznesbank, Imperial, NGS-Bank, and Russo-bank. We would not have categorized the last two banks as really major structures (they are not stars of the first order in the financial firmament), had their inclusion on Kulikov's "blacklist" not explained the logic of his reasoning: Some budgetary "coal" money passes through Russo-bank, while the mere mention of the words "oil" and "gas" in the title is sufficient to send NGS-Bank to the slaughter.

The nationalization of these structures presupposes the transfer of controlling blocks of shares to state control. But, as practical economic experts well know, a controlling block is by no means bound to include 51 percent of shares — sometimes just 10 percent is sufficient for full control. What more control does the state need if it owns over one-fourth of shares in the Lukoil company, for example? Very substantial blocks have been handed over to the state and other structures listed by Kulikov. To talk of a monopoly in the oil sector means being behind the times by approximately five years: There are now 15 companies operating in it, both competing among themselves and fighting strongly against foreign firms in the foreign market. You can understand the general when, from the moment he wakes up, he is preoccupied with the problem of funding his units while next door some people are building offices no worse than European ones and generally living a life dissimilar to that of district inspectors. But nothing can be done about it: Western entrepreneurs are not going to hold serious talks in a decrepit building and with a man dressed at K-Mart....

"We treat General Kulikov and his department's problems with respect. If he is prepared to make his ministry responsible for all our concerns — debts, the development of new deposits, housing construction in the North, the laying of pipelines, and so on — we are prepared to share without reservation" — this was the reaction of a representative of the Yukos oil company's top leadership to Kulikov's statement. For our part let us add that the MVD (or at least those veterans more familiar with the acronym NKVD [People's Commissariat for Internal Affairs]) still retains some skills in managing major economic structures. After all, did they not build the White Sea Canal? In the Far North there is still a considerable number of facilities of which internal affairs organs can rightly be proud as the fruits of their own labor. Well, not completely their own, of course, since to the organs the ends are more important than the means used to achieve them....

Life has changed — this is something that all those who are going to seriously set about implementing Gen. Kulikov's plan will have to bear in mind. They will not be able to take bank employees' passports away in the same way as peasants' passports were taken away in the old days; they will not be able to force a person who has tasted freedom to work for an uncle merely for sporting interest, no matter what cap the uncle wears.

Kulikov's economic program has appeared at the very time when it has a chance of being implemented: The premier is not in Moscow, it is extremely dangerous for the president to quarrel with the power ministers (especially the internal affairs minister) on the eve of the election, and in themselves the proposals seem quite modern and timely. It is tempting to have a go; maybe nothing terrible will happen and money for the budget will appear from somewhere.... No, it will not. If the country's chief of police thinks that there is too much stealing in the country, that is no reason to put all the country's inhabitants in prison. Catch and imprison those who are doing the stealing.

A. Khandruyev, deputy chairman of the Central Bank of Russia, believes that the consequences of nationalizing banks would be deplorable. Moscow banks are shrugging their shoulders as if to say: It is madness, pure madness. An economy does not like a climate of emergency measures. It always reacts to it in the same way: It curls up into a ball and waits to see what will happen next.

We too are waiting. Waiting in a state of alarm: Why is the president keeping quiet after his persistent assurances that the course of economic reforms cannot be changed? Why are those on whom the economy's future directly depends — the first and the regular vice premiers, the minister of the economy and the minister of finance, and the heads of the relevant State Duma committees — keeping quiet?

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International Affairs

Ukraine: FM Dismisses LA TIMES Drug Charge Report

WS2102085596 Kiev INTELNEWS in English 0040 GMT 21 Feb 96

[By Halya Pavliva, INTELNEWS Staff Writer]

[FBIS Transcribed Text] Kiev, Feb. 20 — The Foreign Ministry reacted angrily to a report in Tuesday's LOS ANGELES TIMES charging Ukrainian involvement with Colombian drug dealers.

The article, "Ukraine Supplying Planes to Colombia Drug Traffickers," said that the Ukrainian government, through its state-owned aircraft factory, is engaged in a series of business deals with the Colombian cocaine cartels, selling and leasing a small fleet of Soviet-designed military cargo planes to drug traffickers

The Antonov aviation factory, which operates under the authority of Ukraine's Ministry of Machine Building and Defense Conversion, retains legal ownership of at least six of about a dozen Antonov-32Bs, regarded by U.S. officials as the "ultimate drug smuggler's plane," known to be operating in Colombia. As a result, the now- ailing state-owned factory stands to profit from what appear to be continuing business arrangements with traffickers.

"It would be like (in the U.S.) NASA selling rockets to drug lords," said an American source familiar with the Ukrainian transactions.

"The United States has privately warned Ukraine that drug runners are acquiring its planes and has urged Kiev to be very careful whom you sell them to," a senior Clinton administration official in Washington said. Equipping drug traffickers with planes that increase their capacity for delivering cocaine to U.S. markets is a threat to U.S. national security interests, the official said, according to the article.

Foreign Ministry information department chief Yuriy Serheyev said he was familiar with the article, calling it "nonsense."

"I think this reporter is an absolutely dull person," Serheyev said.

Ukraine: Kiev To Cooperate With U.S., Russia in Satellite Launches

WS2002134296 Lvov INFOBANK in English 1250 GMT 20 Feb 96

[From "News Service" feature]

[FBIS Transcribed Text] During President Leonid Kuchma's visit to the United States to take place February 20-22, Ukraine's Foreign Minister Hennadiy Udovenko will sign a document under which Ukraine will join an international project for the launching of Global Star commercial satellites. This information was given to INFOBANK by the director general of Ukraine's National Space Agency, Valeriy Komarov.

According to Mr. Komarov, an agreement on cooperation within the framework of this project has already been signed by U.S. Vice President Al Gore and Russian Prime Minister Viktor Chernomyrdin.

According to this project American global space systems communications satellites will be carried into orbit by Ukrainian and Russian launching rockets. These launches should be carried out at the Russian space centers in Baykonur and Plesetsk.

Mr. Komarov also said that right now an intergovernmental agreement on cooperation in the peaceful utilization of space between Ukraine and Russia is absolutely ready to be signed. This agreement should be signed during a future visit to Ukraine by Russian President Boris Yeltsin. It will be valid for a period of five years but may be extended. Mr. Komarov said that the main directions of cooperation are joint research in space and the joint utilization of rocket technology.

Ukraine: Defense Chief on Bloc Participation, Other Issues

LD2002190396 Moscow INTERFAX in English 1339 GMT 20 Feb 96

[FBIS Transcribed Text] LONDON, Feb 20 (Interfax - Ukraine) — The participation of states in military-political blocs is an internal affair of those states and blocs, Ukrainian Defence Minister Valeriy Shmarov said in London today, commenting at the request of an Interfax - Ukraine correspondent on the problem of possible NATO expansion eastward.

V. Shmarov is currently on a visit in Great Britain.

At the same time, the head of the Ukrainian military department stressed, Ukraine opposes any sharp changes, which could hamper stability in the region.

"The actions shall be well-considered, careful, consistent and take into account the interests of nations in the region", V. Shmarov noted.

According to him, Ukraine is now developing bilateral relations with other states. "They may turn into multilateral ones in the future", V. Shmarov noted. "But at first, we must mature economically, politically and even morally", he believes.

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Ukraine: Crimean Envoy Criticizes Russian Pressure To Disarm

WS2002143096 Lvov INFOBANK in English 1250 GMT 20 Feb 96

[From the "News Service" feature]

[FBIS Transcribed Text] On February 18, President Kuchma's resident representative in the Crimean Autonomous Republic, Dmytro Stepanyuk, made a statement for the mass media in which he said that any pressure on Ukraine, including economic, could lead to the temporary postponement of Ukraine's obligations related to the Nuclear Weapons Non-Proliferation Treaty.

This statement was made in response to an appeal made by a round- table meeting which was held February 10 in Simferopol and was attended by leaders of pro-Russian political organizations in Crimea and a delegation from the Russian State Duma. The authors of this appeal called on the Russian Government to put economic sanctions into effect against Ukraine.

Mr. Stepanyuk believes that this appeal could break off the signing of a treaty on friendship and cooperation between Ukraine and Russia, could lead to the destabilization of the situation in Crimea and could even provoke Russia to lay territorial claims against Ukraine. Russia, Mr. Stepanyuk's statement says, like the United States and Great Britain gave Ukraine nuclear security guarantees when it signed the Nuclear Weapons Non-Proliferation Treaty. In Mr. Stepanyuk's opinion, economic pressure on Ukraine could threaten the country's national security.

Ukraine: 'Nationalists' Plan Actions in Yugoslavia, Caucasus

LD2002221096 Kiev UNIAN in Ukrainian 1800 GMT 20 Feb 96

[FBIS Translated Text] Kiev — Members of the newly set up Council of Radical Nationalist Parties [Rada radykalnykh natsionalistychnykh partiy] signed the Kiev declaration during a news conference on 20 February. A UNIAN correspondent reports that the declaration was signed by Aleksandr Ivanov-Sukharevskiy, head of the People's Nationalist Party of Russia; Dmytro Korchynskyy, deputy chairman of the Ukrainian National Assembly - Ukrainian National Self-Defense; Vasyl Zayats, head of the Subcarpathian Republican Party; Oleg Bakhtiyarov, acting head of the Party of Slavic Unity; and other representatives of nationalist organizations and movements of Russia and Ukraine.

The coordinative council believes that in the present conditions "a fighting union of Slavic radical nationalists is acquiring decisive significance." "We have a common aim — empire. Providence will decide where its heart will be," the declaration says. The "new cosmopolitan order" is named as a common enemy.

Replying to journalists' questions, members of the coordinative council said that the Kiev declaration was only "the first step to reviving Slavic greatness." They stressed the necessity of studying the experience of opposition accumulated by nationalist organizations and working out more radical forms of it. Operations in support of the Bosnian Serbs were said to be among the most impending joint actions.

Dmytro Korchynskyy noted that actions were being planned in Chechnya, other regions of the Caucasus, Moscow, Minsk, and Kiev.

National Affairs

Ukraine: Shmarov Urges Reductions, Reform in Army

WS2002155496 Kiev UKRAYINA MOLODA in Ukrainian 16 Feb 96 p 3

[Report by Ivan Kovtonyuk: "Due to the 'Conditional' Training of Ukrainian Troops, It Is Difficult To Form Even a Tank Battalion of Peacekeepers"]

[FBIS Translated Text] The latest trip of Ukrainian Defense Minister Valeriy Shmarov to Vinnytsya, which is the citadel of the Ukrainian military pilots and Rocket Troops, did not make many officers optimistic. Local servicemen who anticipated concessions from the minister heard little comforting news. On the contrary, there are many problems in the Army, as never before in the past. The 20-trillion [karbovantsi] debt which remains from 1995 makes it impossible to pay servicemen's December allowances. The situation with the provision of foodstuffs was and remains complicated. It is also difficult to expect anything better: The 1996 budget, which is now being discussed, envisages even lower funds for defense — 136 trillion karbovantsi, which constitutes 10 percent of the required sum.

Although currently the Armed Forces constitute 60 percent of the contingent inherited from the Soviet Army, they still remain an excessive burden for the state. According to Valeriy Shmarov, Ukraine does not need an army in this form. A lack of balance between our economic capabilities and the Army's requirements is quite a serious argument for the reduction of the Army's numerical strength. Due to the fact that no one poses a threat to us and that Ukraine remains outside any nuclear blocs, the existence of a number of quite expensive special-purpose military structures, such as long-range strategic aviation, is inexpedient. No matter

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how hard we try to justify them, there is no use for the TU-160 or TU-95 aircraft, particularly with long-range rockets, the range of which reaches 2,500 km.

Neither the Army nor the state have the fuel necessary for training personnel of those branches of service which involve a lot of technical equipment. Meanwhile, an Army which does not work with equipment, does not shoot, and does not conduct appropriate exercises can only be deemed combat-ready conditionally. At the same time, the correlation between officers and the rank-and-file is approximately 1:2. Such a state of affairs does not occur in any normal army.

The state of military equipment and weapons is no better. They are operative at the moment, but they will be of no use in a few years. There is nothing surprising about that given that the Defense Ministry has not bought a single piece of equipment or weaponry for four years. Valeriy Shmarov said that "a need recently emerged to form a tank battalion of peacekeepers for former the Yugoslavia. We selected one of the best divisions of the Carpathian military district. The tanks which had been idle for 10 years were pulled out of their parking bays, and then we found out that gun stabilizers and optical instruments had been detuned, and that mechanical and hydraulic systems did not work. It was difficult to select 40 tanks, not because we do not have enough tanks — we have more than enough of them — but because the combat readiness of the equipment, which is not being serviced, is decreasing rapidly. And nothing can be done about this. Funds envisaged for the Army are spent primarily on consumption — to nourish and dress the personnel and keep them warm...."

There is hope that all those drawbacks and lack of balance will soon be corrected. The defense minister said that a program of reforming the Armed Forces which had been drafted until the year 2010 will become valid soon. The program had already been discussed by the government, the president, and the National Security Council. At the moment the program is being redrafted and supplemented.

However, for the time being the Army walks around with its hands reached out begging local administration bodies for a piece of bread. Mr. Shmarov particularly thanked the Vinnytsya City Council and City Mayor Dmytro Dvorkis for their great understanding of Army problems and assistance rendered to resolve them, particularly in supplying foodstuffs. The mayor responded that "we have agreed with the minister that the city will supply food rations for an entire aviation regiment."

Well, this is a very nice surprise for the Army. However, this will not alleviate the general burden resting on the state's shoulders. Therefore, reforms are necessary anyway.

Ukraine: Deputy Defense Minister Encourages Arms Sales

WS2002105196 Kiev INTELNEWS in English 0258 GMT 20 Feb 96

[By Oleksandr Pukhov, "Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, Feb 19 (INTELNEWS) — Ukraine's acting Deputy Defense Minister made a public pitch for foreign sales of the country's military equipment Monday.

"If Ukraine wants to save its military-industrial complex, it is necessary not only to produce arms, but also sell them," Lt. Gen. Lev Hnatenko said at a Defense Ministry briefing.

Money from arms sales, he said, would allow Ukraine to improve its existing arms and maintain those arms it already has in stock.

Hnatenko said Ukraine has extra arms that must be sold, citing its arsenal of 4,000 tanks as an example of excess capability.

"Tank-producing plants should seek a marketing outlet," he said.

The Defense official also said that Ukraine has an overabundance of military aircraft, and noted that each TU-195 and TU-160 jet standing idle costs the country $1.5 million annually.

"Let's assume that Ukraine sells these airplanes with zero profitability. It would save this money for itself then," he said.

According to Hnatenko, the world knows very little about Ukraine's arms, though 33 percent of the former Soviet military- industrial complex is located there. "Demand for the Ukrainian arms remains very limited, or a very low price is offered for them," he said.

Yevhen Mykitenko, Foreign Ministry Middle East Department chief recently stated that Ukraine is ready to sell its arms for oil, referring to Ukrainian participation in a 1995 arms exhibition in Dubayy — at which it failed to conclude a single contract — as "market research."

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Ukraine: New Foreign Policy Aide Profiled

AU2002140596 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 17 Feb 96 p 1

[Report by Yaroslav Halata: "He Doesn't Haste With Conclusions"]

[FBIS Translated Text] The presentation of Volodymyr Ohryzko, new head of the Administration for Issues of External Policy, which took place at the Presidential Administration, indicates that, in external political matters, Ukraine will continue to be guided by the conservative formula: The less details are known to journalists the better.

Such a stringent position may be partially accounted for by the fact that diplomatic activity, which is of priority significance for the external political administration, does not tolerate even minor distortions. However, according to Volodymyr Ohryzko, the press often acts in accordance with the principle of hearing "the song, but getting it wrong," as a result of which premature conclusions become disseminated through television screens or newspaper pages.

Volodymyr Ohryzko, professional diplomat and candidate of historical sciences, said that he intended to organize his work in such a way as to rule out such journalist slips as much as possible.

The 39-year old head of the administration started his diplomatic career right after graduating from Kiev University: Since 1978, he has worked in the Foreign Ministry system and rose from the post of attachi to the post of adviser. Prior to his latest appointment, he worked at Ukraine's embassies in Austria and Germany. He has a good command of German and English.

Assessing the past work of the administration that he is now heading, Ohryzko stressed that he took a job where a good foundation had been created.

The presentation of the new chief coincided with the preparation for [President] Leonid Kuchma's visit to the United States, and as a result, Volodymyr got himself, as they say, "from shipboard straight into a ball." Incidentally, according to Ohryzko, the upcoming visit will give a new impetus to Ukrainian-American relations. Unfortunately, Volodymyr Ohryzko refused to elaborate on or answer the question whether Ukraine intends to raise demands before the White House for compensation regarding nuclear weapons.

Ukraine: Analyst Assesses Aftermath of Miners' Strike

AU2102110596 Kiev HOLOS UKRAYINY in Ukrainian 17 Feb 96 p 4

[Article by Serhiy Lavrenyuk, HOLOS UKRAYINY correspondent: "The Strike Has Driven the Reform Deep Into the Ground. The Miners Demanded a Lot of Money, but Got the Presidential Edict"]

[FBIS Translated Text] [begin box] The miners' strike that has been under way for more than two weeks is gradually abating: Whereas at the beginning 82 mines stopped operating and another 85 did not ship coal to consumers, this week the number of striking coal enterprises has gone down. More specifically, all the 15 mines in the Lvov-Volyn Coal Basin have been operating and shipping coal to consumers. With regard to Donetsk and Luhansk oblasts, by the middle of the week, according to Ukraine's Ministry of Coal Industry, just 16 mines in Luhansk Oblast continued their strike. Yet, as maintained by the headquarters of the striking miners, by that time, 44 mines had not been working and another 41 mines had not shipped their coal. However, in all likelihood, the strikers have exaggerated their figures somewhat. This is indicated by the fact that, according to the Ministry of Coal Industry, as early as on Tuesday [13 February], 217,000 metric tons of coal were extracted, and this is just 10 tons less than planned. [end box]

It appears that the firm position occupied by Prime Minister Yevhen Marchuk, who stated right away that the government would never venture to adopt territorial [na ploshchi] economic decisions, played a major role in having the mines gradually go back to work. He reiterated the same thing this week. He also added that, even though the budget does not owe the miners anything, the government is looking for all possible sources of funding that do not involve printing additional cash: So far, more that 9 trillion karbovantsi [K] has been channeled to the miners and as much is scheduled to be transferred next week. Besides, the prime minister is categorically against channeling funds to the branch as a whole in the future. In his opinion, it is expedient to grant credits to concrete coal enterprises for concrete projects. At the same time, the miners believe that, this year, K305 trillion needs to be allocated from the state budget to support the coal industry. This includes K97.2 trillion for capital construction of mines; K48.87 trillion for closing down mines; K166 trillion for technical reequipment and compensation for coal and peat prices; K7.8 trillion for maintaining the mine emergency services; and K33.6 trillion for maintaining the social sphere. However, judging by the discussion

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of the state budget for the year 1996 that has started this week, the coal industry can hardly count on such a colossal sum: According to Mykola Azarov, chairman of the Commission for Budget Issues, the sum that has been planned may be changed by no more than K1 trillion or K2 trillion.

The objective situation is, consequently, such that the miners will have to stop their strike and only after that continue negotiations with the government. Precisely this follows from the discussion of the presidential edict: "On Restructuring the Coal Industry" that was signed last week. As is known, the edict envisages granting mines the status of juridical and financial independence and therefore, by holding their strikes, the miners actually work against their future — even now many specialists express fear that the drifts may collapse unless they are properly maintained. This may leave people without work altogether.

Besides, the miners are presently under pressure on the part of metallurgy, power engineering, and coal-tar chemical industry. In particular, it is pointed out in the appeal by the central committee of the power engineering trade union that enterprises of the Ministry of Coal Industry owe the power engineers K15 trillion more and, for that reason, the power engineering enterprises can no longer take new credits, lest this should lead to the bankruptcy of Ukraine's power engineering complex. At the same time, failure to supply coal may lead to the collapse of the entire power engineering system. Metallurgists are also annoyed by the miners. For example, Vitaliy Satskyy, general director of the "Zaporizhstal" combine, stated that the price of Donetsk coal has already exceeded world prices and, besides, there are no guarantees that coal will be shipped on a regular basis even at such prices. That is why they have to conclude accords with anybody they can, because no one can rely upon Donbas.

Perhaps, the only positive result of the current miners' strike will be that the coal industry will, finally, be reformed and that capital from the fund for support of the fuel and energy complex that is being created will no longer be allocated to the branch as a whole, but will be granted to concrete juridical entities. Then, hopefully, competition will also gain a foothold in the coal industry.

Economic Issues

Ukraine: 'Lull Before Storm' on Currency Markets

MM1602150296 Moscow FINANSOVYYE IZVESTIYA in Russian 15 Feb 96 p 3

[Article by Aleksandr Kiryanov: "Ukrainian National Bank Forced To Adjust Tactics in Domestic Currency Market" — received via Internet]

[FBIS Translated Text] Nikolay Melnichuk, chief of the National Bank of Ukraine's Foreign Reserves Administration, has promised to slow down the rise in the dollar rate of exchange in February at auctions of the Ukrainian Interbank Currency Exchange and allow the market a breathing space after the fall in the value of the karbovanets in January. I would remind you that from 4 January through 31 January the karbovanets fell from 179,400 to the dollar to 187,500 On the Ukraine Interbank Currency Exchange; in other words the Ukrainian currency lost approximately 500 points day. But since 2 February the fall has not just slowed down but has come to halt at the rate of 187,700 karbovantsy to the dollar and this exchange rate is still being maintained.

After the first 10 days of February it can be stated that the National Bank of Ukraine has changed its previously stated tactic in the currency market which was to allow the karbovanets to fall steadily in value in line with inflation. The current change in priorities is most probably short-term but is nevertheless an extremely alarming symptom either of vacillation and confusion or of a worsening of the behind-the-scenes struggle in Ukraine's top banking circles. This is especially obvious given that the National Bank of Ukraine's previous plans spoke of a reduction in the karbovanets exchange rate by 80,000 points by the end of 1996.

Most experts believed a reduction in the rise of the dollar exchange rate to 100-200 points a day in February to be possible. But if the rate is higher (300-500 points a day) banks try to actively invest funds in the rapidly rising dollar, as we saw in January. A slowdown in the decline of the karbovanets would make it possible to avoid speculative demand for hard currency in the new stage of controlled devaluation. At the same time by continuing to progressively push down the karbovanets in February the National Bank of Ukraine would move closer to achieving its cherished goal — when the rise in the dollar matches the rate of inflation. As we can see, however, the dollar exchange rate was simply fixed.

According to the official version, the rapid depreciation of the karbovanets at the start of this year was due to the prolonged and economically unwarranted stabilization of the exchange rate in December 1995 and the need to make up that discrepancy in January. But during

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January the karbovanets fell by only 4.5 percent whereas inflation in December 1995 was 4.6 percent and in January 1996 9.4 percent. Thus all that we are looking at here is a compensation for the discrepancy in December. This "controlled" devaluation led to a considerable depletion in the Ukrainian chief bankers' currency reserves. During January the National Bank of Ukraine sold at least $90 million.

The logical question here is this: On what do the National Bank of Ukraine's leaders base their strategic calculations and why do they adjust them so easily? It would seem that each director of a National Bank subdivision has his own concept and in the fierce struggle each of these concepts periodically acquires the status of basis of the National Bank of Ukraine's exchange rate policy. In very much the same way as the choice of macroeconomic model is now the object of a keen debate which has spilled over from the National Bank onto the trading floor of the Ukrainian Interbank Currency Exchange.

However, any theory which originated inside the National Bank of Ukraine will have sterner opponents than the conceptualist critics — for example, the striking miners who have already been paid 6 trillion karbovantsy and have been promised a further 15 trillion karbovantsy. And even though the National Bank of Ukraine's main aim in February is to replenish its foreign currency reserves, its policy in the currency market is determined not by that aim but by the fear that the "miners'" money will wreck that market and force it to use its already meager foreign currency reserves ($600 million at most, according to the experts) to stabilize it.

In terms of quantity the new payments to the miners are comparable with the money issued by the National Bank in December last year, and the consequences of that are well known. The situation is aggravated by the fact that Gazprom is demanding the settlement of debts for the supply of oil products. The West, in turn, is suspending credits until April because the situation in the Ukrainian financial market is extremely unstable and control of it is lax. Thus the time has come for the National Bank of Ukraine's leaders to give serious thought to determining the method of macroeconomic modeling and calling a moratorium on behind-the-scenes intrigues.

As for the Ukrainian currency's exchange rate on the Moscow, Baltic, and Belarus markets, the karbovanets is stable there at the moment at around 188,000-187,500 to the dollar, even though the situation right now is more like the lull before the storm rather than Christmas eve.

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Belarus

Belarus: Foreign Minister Interviewed on Ties With Russia

LD2002194796 Moscow INTERFAX in English 1643 GMT 20 Feb 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Belarusian Foreign Minister [Syanko] in an interview with Interfax ahead of President Alyaksandr Lukashenka's formal visit to Moscow gave an assessment of bilateral relations.

[IF] What do you make of the state of bilateral relations, particularly after the two countries set up a customs union in January 1995?

[Syanko] On the whole, relations between Belarus and Russia have been developing successfully though not without difficulties. It was hard to conceive even a few years ago that the process of reintegration after the break up of the former Soviet Union in 1991 would go on so painfully.

It would seem that cultural and economic affinity, let alone largely similar traits of the two nations, were preconditions that could work swiftly and effectively given the existence of goodwill on the ground and political will above. Alas, this did not happen though political will for wide ranging cooperation between the two countries is there.

As it is now, neither side is fully satisfied with the state of their relations because their plans are at odds with the realities of today.

Minsk and Moscow made a large stride towards economic integration following Russian President Boris Yeltsin's formal visit to Belarus a year ago. Much work has since been done to implement the accords reached. But I think the chief economic goal set by the customs union has not been achieved. At any rate, neither side is happy that the implementation of their plans has been little effective.

Reasons for this are many. Regrettably, it is not always possible to materialize a clear and noble goal. But the degree of effectiveness in bilateral relations must pick up gradually. Clearly, gradualism rather than any revolutionary change must take place in the process.

At the same time, I believe that President Lukashenka's formal visit to Moscow due later this month will have a considerable effect on the course of bilateral relations.

Encouragingly, preparations for the visit are going on at a fast pace though problems also arose during preliminary consultations. But a lack of problems in the talks would mean that neither side is prepared to uphold its interests!

Much too often one hears of somewhat biased assessments of Minsk- Moscow relations. Many in Western Europe say Belarus has deliberately foregone its own sovereignty and independence in a bid to join Russia.

That's not true. The question is not of a formal merger of Belarus and Russia, something that is quite unrealistic given the Kremlin's and Minsk's positions. It could be assumed from statements by Russian officials who show respect for Belarusian sovereignty that the Russians would like to cooperate with us as an independent state.

The main aim of the Belarusian president's visit to Moscow is to try to improve bilateral economic cooperation. There is a backlog of issues to be resolved including the problem of settlements. I hope the intensive work by experts and officials on both sides will be productive and the two countries will resolve financial claims to each other during Lukashenka's visit to Moscow.

Russia is expected to clear its debt for imports of defense-related products from Belarus in return for energy imports from Russia. It is to be hoped that Minsk will receive compensation for environmental damage caused by the deployment of Russian long range nuclear weapons on Belarusian soil.

The question of settlements will be of overriding importance for the development of bilateral relations as the basis for further cooperation including increased energy imports from Russia.

To the best of my knowledge, the two countries have run more than $1 billion to each other.

[IF] What do you make, as foreign minister, of the way in which the customs union deal is being implemented?

[Syanko] The agreement deals with economic integration of the two countries but Russia has failed to honor parts of it in full.

Belarus is having to pay world prices for energy imports from Russia which is supposed to sell it at domestic prices to Belarus under the customs union deal. Such an approach by Russia to meeting its own commitments can hardly be called constructive.

[IF] But Belarus has largely cut import tariffs on western-made cars which is also in breach of the deal.

[Syanko] Minsk's action was prompted by a necessity. It was a retaliatory action which cannot be described as being revenge. This was a logical move in response to actions by our economic partners.

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The scope of economic actions you are talking about cannot be compared. Belarus can hardly benefit from such actions. It only sought not to become a total loser.

No doubt, such actions do not help strengthen the very idea of why the customs union was set up. But this does not means the two countries should abandon their drive for economic integration. Neither side even tries to raise the question of denouncing the customs deal. Both Minsk and Moscow are well aware of how lofty the goal lying behind it is.

I am sure the two countries will realize the need for a full- blown customs union sooner or later. But it will take a bit longer time than expected before. Though parts of it were not honored in practice, we are now past the first stage of the customs deal and speak in terms of implementing the next phase.

I am also sure that Belarus and Russia must press ahead with economic integration despite some stumbling blocks. They will certainly make a success even if at a third go.

In my view, there is no alternative to the idea of closer cooperation between Belarus and Russia or that between the now- independent states emerging after the break up of the former Soviet Union.

Belarus: Controversy Over Lukashenka Reshuffle in Bank Board

LD2002220396 Moscow ITAR-TASS in English 2151 GMT 20 Feb 96

[by Vladimir Gulevish]

[FBIS Transcribed Text] MINSK, February 21 (Itar-Tass) - The Belarusian parliament on Tuesday issued a resolution which challenges the legitimacy of reshuffles which President Alyaksandr Lukashenka has made in the national bank's board.

The parliamentary legislation committee reported that Lukashenka appointed Tamara Vinnikova bank governor without parliamentary approval has precipitated a heated debate, in which the move was scolded as illegitimate [sentence as received].

Lukashenka also appointed her first deputy over the parliament's head, which the parliament said was unlawful.

Speakers said more than reversal of Lukashenka's decrees was at issue. The controversy is over the relationship between the legislative and executive branches.

Deputy Viktor Gonchar said Lukashenka's disrespect for law makes the parliament's work a bogus performance.

He called for amendments to the criminal code to preclude recurrences of such incidents.

The parliament's resolution mandates that the first deputy governor of the national bank act as its head until a new governor is elected by the parliament. However, Lukashenka said as he installed Vinnikova as the governor that she would remain in the post as long as he remains the president.

Most of speakers at today's stormy parliamentary session said they were not moving Lukashenka's impeachment so far, to give him a chance to "return into law."

Belarus: Lukashenka 'Reaches Agreement' With Trade Union Leader

WS2102090796 Minsk Radio Minsk Network in Belarusian 0400 GMT 21 Feb 96

[FBIS Translated Text] Belarusian President Alyaksandr Lukashenka yesterday met with Chairman of the Federation of Belarusian Trade Unions Uladzimir Hancharyk. As the presidential press service has reported, issues concerning strengthening stability and civic accord in society, as well as fundamental issues of guaranteeing social protection of the population in the current crisis were discussed during the meeting.

Alyaksandr Lukashenka confirmed his intention to increase the responsibility of all managers, regardless of their offices, for timely payments of pensions, wages, and social benefits. The president emphasized that every serious politician who is really concerned about the people should understand that he must search for a way of improving living standards, not by politicking but by correcting the tragic mistakes of the past, restoring severed ties in the production sector, real integration with Russia and other CIS countries, uncompromising battle against corruption, and, finally, the conscientiousness and decency of every manager.

The head of state and the chairman of Belarusian trade unions reached an agreement and mutual understanding that it is essential to strengthen ties between all authorities and company staffs. Lukashenka demanded that the Cabinet of Ministers leadership, ministers, and other high-ranking officials meet monthly with company and farm staffs to study and resolve problems of the working man in the regions.

Alyaksandr Lukashenka and Uladzimir Hancharyk agreed to pay a joint visit to the Navapolatsk-based Naftan production amalgamation on 22 February.

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Moldova

Moldova: Delegation Returns From CIS Meeting in St. Petersburg

AU2002190696 Chisinau INFOTAG in English 1930 GMT 19 Feb 96

[FBIS Transcribed Text] Chisinau, February 19 (INFOTAG) — A Moldovan official delegation headed by Parliament Chairman Petru Lucinschi today returned from St. Petersburg where they took part in a sitting of the CIS Parliamentary Assembly.

The CIS legislature paid a particular attention to harmonization of economic law and crime prevention regulation. The Assembly adopted the third part of the Civil Code model, specimen Criminal Code and Code of Criminal Procedure, documents on economic competition, on financial groups and joint stock companies.

The Moldovan Parliament chairman has supported the Assembly's striving to promote the Abkhazia conflict settlement. Mr. Lucinschi spoke for resuming the activities of the CIS inter-parliamentary working group on settling conflicts on the CIS territory. The group should help solve the Dniester conflict, too, Lucinschi said. In St. Petersburg, the Moldovan Speaker had a meeting with the Chairman of the Council of the Federation of Russia, Mr. Yegor Stroyev who has been elected Chairman of the CIS Parliamentary Assembly Council, with colleagues from the Russian State Duma, and the parliaments of Belarus, Georgia, and Azerbaijan.

Moldova: Bergman Trial Against Russia's Grachev Opens

AU2002191896 Chisinau BASAPRESS in English 1930 GMT 19 Feb 96

[FBIS Transcribed Text] Tiraspol, 19/02/1996 — The trial against Russian Defence Minister Pavel Grachev started by Colonel Mikhail Bergman, former commander of the 14th Army garrison stationed in Tiraspol, began in Tiraspol today. Last autumn, Mikhail Bergman was discharged by Russian Defence Minister Pavel Grachev whom he later sued claiming his post. Lieutenant Colonel Nikolay Angelov, superior juridical consultant of the Dniester-based Russian troops, who represents Grachev's interests, was brought into the court after the chairman of the panel, Justice Colonel Nikolay Tumanov, issued a special citation. Angelov protested and demanded that Judge Tumanov be replaced on the grounds that he earlier "disparagingly" spoke of Minister Pavel Grachev and General Valeriy Yevnevich and as a consequence he would take a biased attitude. His demand was rejected. Later Angelov said he would not be able to participate in the trial as he was ill. The panel appointed a medical commission to test Angelov. Moscow attorney Sergey Boyko, who defends Colonel Bergman's interests in the trial, told BASA-press that the plaintiffs do everything possible to suspend the trial. In his turn, Colonel Bergman stated that Minister Grachev and Russian troops commander Valeriy Yevnevich are interested in suspending the trial. They fear that Bergman will bring evidence about sales of weapons, including to Chechen commandos. Nikolay Tumanov stated that he had come under pressure to postpone the trial. He said he had to take body guards to ensure his personal security. Tomorrow, February 20, General Valeriy Yevnevich will make depositions before the panel.

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Kazakhstan

Kazakhstan: Russia's Primakov Commences Official Visit 21 Feb

LD2102110196 Moscow Russian Television Network in Russian 0800 GMT 21 Feb 96

[Video report by A. Kondrashov and A. Vyazin; from the "Vesti" newscast]

[FBIS Translated Text] Russian Foreign Minister Yevgeniy Primakov arrived in Almaty at first light today on an official visit.

The first day of his busy schedule began with talks with the head of Kazakhstan's foreign-policy establishment, Qasymzhomart Tokayev. According to our information, he somewhat surprised the Russian delegation by presenting an agenda that was packed with international issues and barely mentioned bilateral relations.

Meanwhile, as we found out, Yevgeniy Primakov intends to focus on the status of the Caspian, priorities in oil recovery and export, and other no less acute issues regarding Kazakhstan.

At a separate meeting with Kazakhstan Prime Minister Akezhan Qazhygeldin, Yevgeniy Primakov will present a package of economic documents drawn up by the Russian Government and in effect amounting to a wide-ranging agreement on economic integration with Kazakhstan and Belarus.

Lastly, special attention will be paid to the Tajik crisis. Yevgeniy Primakov, who is aiming to step up the inter-Tajik talks, plans to discuss several possible ways in which other states could act as intermediaries.

Kazakhstan: Government Establishes 'Budget Bank'

LD2002161196 Almaty DELOVAYA NEDELYA in Russian 16 Feb 96 p 4

[Unattributed article: "The Budget Bank has been set up"]

[FBIS Translated Text] The Government of the Republic of Kazakhstan paid great attention to the safekeeping of budget means, and resolved on 6 February 1996 to set up a State Budget Bank of the Republic of Kazakhstan for the purposes of cash calculation.

The Treasury of the Ministry of Finance is defined as the state administration's authorized body over the State Budget Bank. The bank is to take charge of National Bank cash calculation centers on 1 April 1996.

According to the resolution, the main functions of the Budget Bank are the following:

— cash implementation of the state budget, keeping accounts and providing cash-calculation services to organizations and institutions funded from the national and local budgets, state nonbudget funds and means, targeted financing funds, and the Pension Fund;

— implementation of preliminary control jointly with the financial bodies over the targeted use of budget means;

— distribution of state taxes between the national and local budgets, and entering them in the accounts of the budgets at various levels.

The maintenance expenses and the operations of the Budget Bank are to come from the national budget. The resolution gives specific tasks to the State Committee for the Management of State Property, the Ministry of Transport and Communications, and the National Bank to provide practical assistance to the new bank in solving its organizational problems.

Kyrgyzstan

Kyrgyzstan: Foreign Minister Discusses Exporting Power to Ukraine

LD2002181196 Kiev UNIAN in Ukrainian 1330 GMT 20 Feb 96

[FBIS Translated Text] Kiev — Economic projects were among the main issues discussed between a Kyrgyz delegation and the leaders of Ukraine, said Roza Otunbayeva, minister of foreign affairs of the Republic of Kyrgyzstan, at a news conference. She said that her country places great hopes on future export of electricity. (Kyrgyzstan now produces 12 billion kwh of electricity which is 4-5 billion kwh more than the country needs). Roza Otunbayeva also said that during her meeting with Ukraine Prime Minister Yevheniy Marchuk, they agreed to sign in the near future documents on electricity export. She noted in particular that in future Ukraine will pay for imported electricity by building a hydroelectric power station in Kyrgyzstan.

Roza Otunbayeva noted that during a visit to Ukraine by Kyrgyzstan President Askar Akayev, which is scheduled for the first half of this year, it is planned to sign a framework treaty on friendship and cooperation.

Answering journalists' questions concerning Kyrgyzstan's decision to join the customs union (now consisting of Russia, Belarus, and Kazakhstan) Roza Otunbayeva answered that her country is aware of the negative consequences of such an entry but at the current stage "it is necessary."

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Kyrgyzstan: Premier Says Joining Customs Union 'Necessary'

LD2102111396 Bishkek Kyrgyz Radio First Program Network in Russian 1400 GMT 20 Feb 96

[FBIS Translated Text] Joining the customs union is a necessary condition for boosting economic development in Kyrgyzstan, said Prime Minister Apas Dzhumagulov, speaking at the legislative session of the Supreme Assembly [Parliament]. First and foremost, the republic will have an expanded market which will undoubtedly attract foreign investors. This has made it possible to restore a number of industries which for a long time had been using raw materials from Russia and which can now receive it again after several years of disrupted supplies. The food and light industries, as well as the industry producing building material, are badly in need of support. These industries used to provide for the domestic market but they are now in crisis.

Important positive factors attached to joining the customs union as a member of the four CIS countries to do so are, among others: The opportunity to maintain and use effectively the former division of labor; the increase in tax returns; and the protection of domestic manufacturers. At the same time there are a number of negative factors involved in joining the customs union: A certain loss of economic independence and the need to coordinate and bring into line with all partners tax levels and import and export tariffs. There is also a danger of worsening economic relations with third countries and the World Bank and of a reduction of exports to the far abroad. However, as the prime minister assured, positive factors prevail though this question is far from simple. When making the decision, the government took into account every possible political risk and possibility of unpredictable consequences of [word indistinct] economy.

Turkmenistan

Turkmenistan: Niyazov on Neutrality, Ties With Neighbors

MM2002161396 Moscow ROSSIYSKAYA GAZETA in Russian 17 Feb 96 p 10

["Abbreviated" version of interview with President Niyazov of Turkmenistan by ITAR-TASS correspondent Lyudmila Glazovskaya, "specially for ROSSIYSKAYA GAZETA," place and date not given: "Saparmurad Niyazov: Neutrality Serves Independence"]

[FBIS Translated Text] [Glazovskaya] In December last year the UN General Assembly approved the resolution "Permanent Neutrality of Turkmenistan." This event is unprecedented in its historic and political significance for both Turkmenistan and the United Nations. How do you see the Turkmenistan exercising its new status?

[Niyazov] The main factor underlying the world community's recognition of our neutrality initiative is surely that we have managed to prove our strict commitment to our international obligations. We are keeping our word. That has not gone unnoticed in the world, just as it has not gone unnoticed that peace, stability, and order are being maintained in Turkmenistan.

We understand very well that the UN General Assembly's adoption of the resolution on Turkmenistan's neutrality is a unique occasion for us, an opportunity which we must make full use of to ensure above all that our people receive the maximum socioeconomic benefits. So that our neighbors appreciate the benefit of Turkmenistan's neutral status and so that the world community as a whole receives real confirmation that it was not wrong to support us in this very important matter. I would like to note Russia's special role in the establishment of our independence and in resolving the question of Turkmenistan's neutrality.

Turkmen-Russian relations, which are designed for the strategic long term, are relations between equal partners with an exceptionally high trust in one another. We can only rejoice at and be inspired by Russia's principled position in giving us all-around assistance in the strengthening of independence and of our economic ties. It is a source of legitimate pride to Turkmenistanis that we meet with complete mutual understanding on the part of the great powers, and we include the Russian Federation in that category.

Nowadays you often hear such phrases as the challenge of the times in conditions of the end of the cold war when the world is moving from confrontation to constructive cooperation and dialogue. In these conditions Turkmenistan's initiative appears very relevant to the times, as it were.

We believe that relations with adjoining states, our immediate neighbors, are a vital factor in the very existence of an independent Turkmenistan and the implementation of the policy of permanent neutrality and we are proud of the level of bilateral ties that we have formed with the peoples of Iran, Uzbekistan, Afghanistan, Azerbaijan, and the Russian Federation.

As for my view of the exercise of Turkmenistan's neutrality, it will be implemented in three key areas — political, economic, and humanitarian. With regard to the first area our neutrality is positive or constructive in content, which presumes an active state stance on questions of maintaining peace and stability and on the

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settlement of contradictions and conflicts between states in our region and beyond.

Turkmenistan is a UN member. And we solemnly declare our strict commitment to the priority of this leading world organization in the solution of all questions falling within its competence.

In the second area we believe that Turkmenistan has all the opportunities and potential that it needs for the adoption of a large-scale program of effective economic transformations.

Turkmenistan has an interest in the extensive participation of foreign partners in its development because it is now a generally recognized fact that Turkmenistan has a tremendous potential in natural resources which enables it both to initiate and participate in major international projects in the spheres of fuel, energy, supplies of energy sources to the world markets, and the creation of a modern transport infrastructure. There are projects which have already been dubbed interregional and there are those such as the North-South rail corridor linking Europe and Asia by the shortest route.

Turkmenistan proceeds from the fundamental thesis that man is society's supreme asset and that any state's efforts should be aimed at creating the most favorable conditions for the free development of the individual and real opportunities for his self-realization.

Turkmenistan recognizes and respects the fundamental human rights and freedoms accepted by the world community and enshrined in the norms of international law, and this creates the political, economic, legal, and other guarantees for their effective implementation.

Of course, the international recognition of Turkmenistan's neutrality means not only trust in us but also great responsibility. I want to state today that our country will continue to adhere firmly to its international commitments and to follow unswervingly the proclaimed policy of neutrality. Now having received international support and ensured favorable external conditions we can work even more confidently and fruitfully on the solution of questions of our internal development.

I am grateful to ROSSIYSKAYA GAZETA and the ITAR-TASS news agency for their constant interest shown toward our state and to the things that we are doing.

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Armenia

Armenia: Representative Hails Karabakh's 'De Facto' Independence

NC2002200396 Yerevan NOYAN TAPAN in English 1440 GMT 19 Feb 96

[FBIS Transcribed Text] Yerevan, February 20 (Noyan Tapan) — February 20 is declared in Karabakh the Day of Revival of Artsakh. The history of the national liberation movement of Artsakh's people begins from this very date.

What are major achievements of the Karabakh Republic over these 8 years and what is current political and socio-economic situation in the Republic?

Aleksan Harutyunyan, Karabakh's Representative to Armenia, said in an interview with NT reporter that the major achievement of the Karabakh Movement was Karabakh's de facto independence. According to him, today the Republic has its own President, Parliament, Army as well as other signs of an independent state — flag, state emblem and national anthem. Karabakh people proved everybody that it is able to defend its independence and that the Republic of Karabakh is viable as an independent state, according to Mr. Harutyunyan.

"The fate of the whole Armenian people depends on which way the Karabakh conflict will be resolved — whether Armenia will enter the XXI century as a strong an prosperous state or as a defeated country of the third world",- he said.

A process of formation of a law-governed state with the centralized power in person of President and freely elected parliament is under way in Karabakh. The Republic implements economic reforms and creates political institutions without which the existence of an independent democratic state would be impossible.

According to Mr. Harutyunyan, the process of settlement of the Karabakh conflict has intensified. Besides, more and more countries concerned with speeding up the settlement of the conflict engage in the process.

However, Harutyunyan does not share optimism of mediators, considering that an agreement on lasting peace and the Great Political Accord will be concluded in the near future.

Aleksan Harutyunyan said he was doubtful that Azerbaijan was ready to take constructive steps. "Azerbaijan's stance is that possessing rich oil deposits and considering itself a strong state, it can resolve the problem of Karabakh in its favor without making any concessions. By such scenario of settlement of the Karabakh problem is ruled out. Exerting pressure does not yield any result. Anyway, the following conditions should be taken into consideration: first, there is no subordinating of Karabakh to Azerbaijan, secondly, Karabakh Republic should not exist as an enclave within Azerbaijan, thirdly, Karabakh Republic must determine itself the degree of its safety and guarantees needed to ensure it.

Without all these conditions progress in the negotiations is impossible, according to Aleksan Harutyunyan.

Armenia: Karabakh Supporter Discusses Conflict Resolution

964F1117A Yerevan GOLOS ARMENII in Russian 3 Feb 96 pp 1, 3

[Interview with Lenser Agalovyan, chairman of the board of the Artsakh-Ayastan social and political organization, by Boris Mkrtchyan; place and date not given: "It Is Very Important That Our Diplomacy Show Its Best Side"]

[FBIS Translated Text] The Artsakh-Ayastan [Karabakh-Armenia] social and political organization recently issued a statement which examines the disturbing results of the peacemaking initiatives and negotiations on a settlement of the Karabakh problem and also criticizes our government's foreign policy efforts being made in this direction. Our interview with Doctor of Sciences Lenser Agalovyan, chairman of the board of Artsakh-Ayastan, is devoted to all of this.

[Mkrtchyan] Lenser Abgarovich, it has to be assumed that your organization's statement was occasioned by the well-known remarks of Russian President Boris Yeltsin on the issue of Nagornyy Karabakh on 19 January last?

[Agalovyan] Yes, of course. It disturbed us a great deal inasmuch as the president of Russia made it unambiguously understood to millions of television viewers that the Armenians of Nagornyy Karabakh should be content with the status of autonomy within Azerbaijan.

[Mkrtchyan] But some of the news media believe that these remarks of President Yeltsin should not be taken seriously insofar as the Karabakh problem cannot be resolved that simply.

[Agalovyan] I personally and the members of the organization took this quite candid statement of the Russian president very seriously. We have witnessed many political metamorphoses that have occurred behind the Kremlin walls and we know how these considerations or interests or the other change Russian leaders' viewpoint on one and the same state issue. So it was in Gorbachev's time, the same is happening now also.

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[Mkrtchyan] You believe that Russia's policy in the Transcaucasus is gradually beginning to "drift" toward Azerbaijan?

[Agalovyan] Precisely. After all, Yeltsin made his Karabakh statement a day or two after the conclusion with Geydar Aliyev of the agreement on the transfer of Azerbaijani oil to the Black Sea via the Russian oil pipeline. This is a substantial economic and foreign policy dividend which Geydar Aliyev has ceded the president of Russia.

The talks in the Kremlin on the problem of the NKR [Nagorno-Karabakh Republic] among the presidents of Armenia, Azerbaijan, and Russia are being kept a strict secret. This makes us leery.

[Mkrtchyan] We have spoken of a possible "drift" of Russian policy in the direction of Azerbaijan. But we can already see that Russia has made up its mind on the Abkhaz question also, having decided it in favor of Georgia. Eduard Shevardnadze has spoken quite optimistically in this connection as well. What is happening—is Armenia, as always, finding itself done out of the support of its great northern neighbor? Does it not seem to you that Chechnya is forcing Russia to abandon the policy of "double standards" on matters of the self-determination of the autonomous republics on the territory of Russia and the former USSR?

[Agalovyan] Russia's policy concerning Chechnya is natural: Russia cannot allow the disintegration of its state. We would recall that in the last century democratic America fought a six-year civil war and prevented the separation of the southern states. I have no doubt that Russia will not stop short at any casualties of its own to prevent the country's collapse.

As far, however, as the problem of Nagornyy Karabakh is concerned, this is a special situation. Our statement makes precise mention of this, incidentally. First, Nagornyy Karabakh was never a component of the Azerbaijan Republic formed by the Musavatites in 1918. Second, Nagornyy Karabakh seceded from Soviet Azerbaijan in accordance with the letter and spirit of the Constitution of the USSR which was in effect at that time and the well-known April decision of the Supreme Soviet of the USSR of 1991. If Azerbaijan could pursue self-determination and secede from the Union, why could the Nagorno-Karabakh Autonomous Oblast not in accordance with the same criteria do likewise? It is for this reason that it is absurd, to say the least, to link the question of the self-determination of Nagornyy Karabakh with the notorious sanctity of borders principle. And it is very bad that our diplomats are failing to make use of this circumstance as a strict argument during discussion of the Karabakh problem.

[Mkrtchyan] It has to be assumed that they are not doing so owing to the fact that the Western powers are frankly opposed to the principle of self-determination of the nations. After all, such countries as Britain, Spain, and, yes, Russia understand full well that the self-determination of the nations threatens their territorial integrity. They are not even embarrassed by the fact that the nations' right to self-determination is specified both by most important documents of the United Nations and the Helsinki agreements.

[Agalovyan] But how are we in this case to understand the behavior of these same powers in relation to Yugoslavia, in which borders are under pressure from the United States and NATO being redrawn not only per the ethnic but even per the religious principle?

[Mkrtchyan] The British will absolutely not allow the Catholics in Northern Ireland self-determination, incidentally. But in Bosnia they are promoting the creation of a Muslim state....

[Agalovyan] The West has long applied a "double standards" policy, depending on the actual political and economic advantages. Today the United States, Britain, Turkey, and other leading European countries are extremely interested in the speediest exploitation of Azerbaijani oil. And for this reason they will try to resolve the Karabakh problem in favor of Azerbaijan. Today we are concerned that Russia also could on the Karabakh issue take this same route, especially since it aspires to deploy its border troops along the Azerbaijani-Iranian and Turkish borders.

[Mkrtchyan] But the people of Karabakh will never agree to remain formally within Azerbaijan. In his recent interview with the newspaper MOSKOVSKIYE NOVOSTI NKR President Robert Kocharyan stated plainly that "alternatives presupposing some vertical subordination to Azerbaijan are unacceptable." The NKR leadership continues to insist on a "package" settlement of the conflict—on the problem of the political status of the NKR being resolved together with the other questions attending it: Lachin, the return of the refugees, and so forth. Our press is already mentioning, incidentally, that there is some disagreement on the question of a "package" resolution of the problem between the leaders of the NKR and Armenia. Armenia is said to believe that the Karabakh crisis can be resolved by way of the phased discussion of problems also. How correct is the information that is being published in this connection?

[Agalovyan] We have already said that much of what concerns the discussion of the Karabakh problem "at the top" is being carefully concealed. But following the OSCE session in Budapest, our Minister of Foreign

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Affairs Papazyan acknowledged that the leadership of Armenia was advocating a "phased" consideration of the problems of a Karabakh settlement. According to reports of the American NOR OR newspaper in Los Angeles, Zurabyan, the president's press spokesman, declared that the "stage of evaluation" of the status of the NKR will come only after Karabakh forces have been withdrawn from the low savannah territories of Karabakh which they occupied in the course of the fighting, that to which the Azerbaijani side aspires, that is.

[Mkrtchyan] It has to be assumed that this position of Yerevan officials has been dictated by a desire to put an end to the war in Artsakh and establish a lasting peace in the region?

[Agalovyan] But who can guarantee that, all "secondary" issues having been settled, Azerbaijan would agree to some concessions on the main issue—determination of the independent status of the NKR? Neither the OSCE nor the West's "peacekeeping" force nor Armenia can give these guarantees. It could perfectly well be that Karabakh's Armenians would find themselves in the position of the Bosnian Serbs.

It seems to me that our official propaganda and our Ministry of Foreign Affairs have lost sight of one very important point in validation of the just cause of Karabakh, namely, who unleashed the war in the region, who is the true aggressor and instigator of the bloody conflict? The leaders of Azerbaijan, of course. After all, Baku replied to the peaceful demonstrations and public meetings of the people of Stepanakert demanding self-determination for Karabakh with the unconcealed use of military force, the shelling of Armenian villages, and pogroms and killings of peaceful inhabitants. In the period 1991-1993 Shaumyanovskiy, Getashenskiy, Mardakertskiy, and Gadrutskiy Rayons and the Berdadzorskiy subrayon were ravaged. Prior to this the Armenian population of Baku, Gyandzha, and other places of Azerbaijan had been deported. On the verge of physical annihilation, the Armenians of Karabakh organized self-defense and repulsed the aggressor, also liberating some of their territories lost in the 1920's. Azerbaijan, as the aggressor according to the rules of international law, should incur punishment and compensate the losses inflicted on the Armenians.

It would be natural for these liberated territories to be settled primarily by the Armenian refugees who have lost the opportunity to return to their former homes. Our diplomacy has for some reason forgotten about the half-million Armenian refugees from Azerbaijan, whereas the other side is constantly exaggerating the problem of its refugees.

[Mkrtchyan] Will the Grand Political Agreement between the NKR and Azerbaijan be signed and will lasting peace finally come to reign in the new year of 1996, in your opinion, on the ancient land of Artsakh, which has once again been abundantly watered by the blood of its sons?

[Agalovyan] After the OSCE's Budapest session, Laszlo Kovacs, minister of foreign affairs of Hungary, candidly acknowledged that the Karabakh negotiating process had reached impasse. This viewpoint was shared by Vladimir Kazimirov, cochairman of the OSCE Minsk Group also. And the West is clearly unhappy that the calculation of a strengthening of its positions in the Transcaucasus with the aid of the OSCE exercising stewardship of the Artsakh peace negotiations has not been justified. For this reason, most likely, the West is gradually coming to the conclusion that foreign mediators cannot get the final text of the Grand Political Agreement signed. The statement of Richard Kozlaric, American ambassador in Azerbaijan, that the United States advocates the parties to the conflict achieving peace via a resumption of bilateral contacts also testifies to this, in particular.

Of course, it is very important at this time to preserve in the conflict zone the truce that has been reached. No negotiations are possible without this. Following the meeting of CIS heads of state in Moscow, there will be, it has to be assumed, new movements in the process of a settlement of the Karabakh conflict—Russia will embark, as stated, on active "shuttle diplomacy": Trips by Primakov, Russia's new minister of foreign affairs, to Baku, Yerevan, and Stepanakert will begin. It is very important here that our diplomacy finally show its best side. The negotiating process will continue for a long time yet, in my opinion.

[Mkrtchyan] Some people are of the opinion that, following the Bosnian failures, Russia will endeavor to introduce to Azerbaijan as a disengagement force a CIS military contingent and that Azerbaijan could agree, having won certain promises from Moscow.

[Agalovyan] Of course, it would make good sense for Moscow to do so and kill two birds with one stone: Establish itself in the East Transcaucasus and close off from the Azerbaijan side the delivery of military assistance to Chechnya. But Russia also has other levers of pressure on Azerbaijan, and it is by no means necessary to play the Karabakh card yet again and thereby do irreparable damage to Russian-Armenian relations.

We observed in our statement that any peacekeeping force should be committed to the Karabakh conflict zone only after the status of the NKR has been finally

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determined. All today's complications surrounding the status of the NKR would not be so hard to surmount had Armenia formerly recognized the Nagorno-Karabakh Republic. It is still not too late to do so even today.

Georgia

Georgia: Shevardnadze, UN Officials Discuss Abkhaz Issues

LD2002195696 Tbilisi CONTACT INFORMATION AGENCY in Georgian 1655 GMT 20 Feb 96

[FBIS Translated Text] Tbilisi — Today, Georgian President Eduard Shevardnadze received Liviu Bota, head of the UN observers' mission in Abkhazia; Konrad Mistrem and Kalstrom Gurr, observers of the mission. The meeting discussed the implementation of the decisions made at the 19 January CIS Summit.

The president spoke about stepping up of the Russian mediatory mission's activities in resolving the Abkhaz issue, reflected in the recent unequivocal stance of the Russian Foreign and Defense Ministries, in the statements made by the leaders of the State Duma and the Federation Council, as well as the Interparliamentary Assembly resolution.

It was also noted that if Georgian-Abkhaz talks bore no realistic results, then the mechanism provided for by the CIS summit and involving the adoption of strict sanctions against Abkhazia would come into effect fully. Shevardnadze stressed that Abkhaz leaders should comprehend that the postponement of the Abkhaz settlement was working against them and the withdrawal of the peacekeeping contingent would become harsh reality.

Liviu Bota, for his part, said that the UN mission had worked out a program which provided for stepping up of the UN mission's activities in protecting human rights in Abkhazia which would help carry out jointly with the Russian peacekeeping forces additional measures for the return of refugees and the forcibly displaced.

It was also noted that the UN Security Council fully shared the Georgian leadership's position which was a cornerstone of the Security Council's growing support.

Georgia: Tbilisi Threatens To Quit CIS Interparliamentary Assembly

LD1902211296 Moscow INTERFAX in English 1937 GMT 19 Feb 96

[FBIS Transcribed Text] TBILISI, Feb 19 (Interfax) — Georgia may quit the CIS Interparliamentary Assembly, Georgian parliamentary chairman Zurab Zhvaniya told Interfax at a news conference in the Georgian capital Tbilisi Monday.

Georgia may leave "if members of the body do not pay heed to the country's problems," he said, as the Georgian delegation which participated in the 7th session of the assembly in St. Petersburg on February 16-17 got the impression that the assembly members have no clear understanding of the Georgian-Abkhaz problem. Everything that has to do with the issue of territorial integrity must be regarded from the sole point of the existing borders' inviolability, said Zhvaniya.

Georgia expects its problems to be rightly understood by members of the assembly and, first of all, by Russia, which is a champion of CIS integration, he said.

However, assembly members must first understand that any decisions that may bring about a revision of the territorial integrity of Georgia or any other country are unacceptable, said Zhvaniya, stressing that the issue is a pressing one not only for Georgia but for Russia as well.

At the same time Zhvaniya gave a high assessment to the resolution passed by the St. Petersburg session of the assembly, which had been proposed by Georgia. The resolution calls on the sides in the Georgian-Abkhaz conflict to speed up talks and start the return of refugees to Abkhazia. "For us it was an issue of principle, especially after certain forces in the Russian Duma spoke about a revision of the January 19 CIS summit decisions on Abkhazia," said Zhvaniya.

He said that during the meetings with the Russian State Duma delegation headed by Duma speaker Gennadiy Seleznev the Georgian delegation saw that Russian deputies were interested in normal, business-like relations with Georgia and the Georgian parliament.

Georgia: Germany Favors Peaceful Settlement in Abkhaz Conflict

LD2102121096 Moscow ITAR-TASS in English 1123 GMT 21 Feb 96

[By Tenghiz Pachkoriya]

[FBIS Transcribed Text] TBILISI, February 21 (Itar-Tass) — Visiting head of the German delegation and chairman of the German parliamentarian group of affairs of the Caucasus Willy Wimmer told journalists here that the German government and the parliament favour a peaceful settlement of the conflict in Abkhazia, South Ossetia and support territorial unity of Georgia.

Wimmer noted that on the international scene Germany demands to protect and guarantee the territorial integrity of Georgia on the principle of inviolability of its borders. Members of the Bundestag delegation comprising representatives of the Christian-Democratic Union and

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the Social Democratic Party of Germany held a meeting with Georgian Foreign Minister Irakli Menagharishvili. During a meeting with chairman of the Georgian parliament Zurab Zhvaniya members of the Bundestag delegation discussed question of cooperation between parliaments of the two countries.

The same day the delegation left for Tskhinvali for a meeting with the leadership of South Ossetia and a study of the situation on the spot.

Georgia: Turkish President Offers To Help Settle Abkhazian Conflict

LD2002151996 Moscow ITAR-TASS in English 1124 GMT 20 Feb 96

[By Tengiz Pachkoriya]

[FBIS Transcribed Text] TBILISI February 20 (Itar-Tass) — Turkish President Suleyman Demirel is ready to help Georgian President Eduard Shevardnadze to overcome difficulties in the way of peace settlement of the conflict in Abkhazia. This is said in a message of the Turkish President to Eduard Shevardnadze. The text of the message was circulated by the Georgian President's press service.

Demirel notes in his message that he highly assesses the efforts of the Georgian leader aimed at a peaceful and fair settlement of the conflict which will allow refugees to return to native hearths in Abkhazia and will ensure security to all the parties concerned. The Turkish President said the conflict in Abkhazia should be resolved in the framework of Georgia's unity and territorial integrity.

Georgia: Tbilisi Ready To Grant Broad Autonomy to Abkhazia

LD2002140896 Moscow ITAR-TASS in English 0950 GMT 20 Feb 96

[By Tengiz Pachkoria]

[FBIS Transcribed Text] TBILISI, February 20 (Itar-Tass) — "We are ready to grant the broadest autonomy to the Abkhazians and to Abkhazia as a whole, but we object to the creation of a confederate state as suggested by representatives of the Abkhazian side," Speaker of the Georgian Parliament Zurab Zhvania told journalists here today.

Asked about possible developments in Abkhazia if Communists were to come to power in Russia as a result of the upcoming presidential elections, Zhvania replied: "I think separatism does not suit the leadership of any country, including Russia. The Abkhazian separatists are apt to harm the interests of the Russian State. I hope this is understood by representatives of the Communist Party of the Russian Federation."

Georgia: Over 3,000 S. Ossetians Demand Government Resignation

LD2102114196 Tbilisi Radio Tbilisi Network in Georgian 0800 GMT 21 Feb 96

[FBIS Translated Text] ALIONI news agency reported that the situation in Tskhinvali is tense. Over 3,000 people gathered outside the Tskhinvali theater on 19 February to demand the resignation of the government of so-called South Ossetia. They were angry at the disappearance of a $50 million credit and 206 tonnes of humanitarian aid. Participants in the rally demanded that the law enforcement agencies establish law and order.

It emerged later that another reason for their dissatisfaction was the killing of the minister for communal services, Tatayev, by Agriculture Minister Dzhioyev, and the fact that the killer Dzhioyev had not been punished. He may never be punished, because his relative, who witnessed the incident, decided to claim responsibility for the killing.

Supreme Council Chairman Ludvig Chibirov met participants in the rally and promised them that he would convene a supreme council session in two or three days to decide on the resignation of government members.

Latvia

Latvia: Ulmanis Pleased by Yeltsin's Stance on Issues

WS1902145196 Tallinn BNS in English 1300 GMT 19 Feb 96

[FBIS Transcribed Text] Riga, Feb 19, BNS — Russian President Boris Yeltsin has shown that he understands the Latvian situation when meeting with his Latvian counterpart Guntis Ulmanis at different international forums, Ulmanis said Monday on the Latvian radio.

Moreover, Yeltsin has often voiced support for Latvia, Ulmanis said. "In many issues we are pleased by the stance of the Russian president," he noted.

In Ulmanis' opinion, the negative response of Russia to Latvian developments is often connected with "the environment around the president rather than with his own stance."

Ulmanis declined to predict on the outcome of presidential elections in Russia, scheduled for this summer, saying that he as a president of another country should not do so.

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Ulmanis said that he would like pro-democratic and reform forces to take the upper hand in Russia. "It would allow both neighboring states to exist normally and support each other," he added,

Latvia: NATO Official Discusses Eastward Expansion Issues

LD1902190296 Riga Radio Riga Network in Latvian 1800 GMT 19 Feb 96

[FBIS Translated Text] It is planned to begin individual talks between NATO experts and partner states on the eastward expansion of NATO this year, Chris Donnelly, counsellor for central and east European affairs to the NATO secretary general, stated in Riga today. He also said a visit by the NATO secretary general to the Baltic states, including Latvia, is planned in mid-April. Donnelly noted that NATO would like to see (?development and) initiative on the part of the countries which wish to become members of the North Atlantic Alliance. The countries should not simply automatically line up and wait until their turn comes.

Donnelly today told a news conference about the aim of his visit.

[begin recording] [Donnelly in English fading into Latvian translation] The aim of my visit is to brief the NATO high command and the secretary general before his visit to Latvia in April on the democratic processes which are currently taking shape and developing in east European countries. Meeting people who took up their posts in Latvia after the elections to the sixth Saeima is important.

I have always been stressing that any country first of all has to strengthen economic ties, then the residents will no longer have to think about armed forces so much, but (?while it is not so) one should not forget about security.

In our opinion, Russia's negative attitude toward NATO is related to lack of understanding and knowledge. It is possible that that is a result of propaganda about the image of the enemy (?cultivated) for the last 40 years.

I praise the Baltic states' initiative in any case, also in the event of them setting up a Baltic military union independent from NATO. [end recording]

Lithuania

Lithuania: Vilnius Opposes Unilateral Oil Exploration in Baltic Sea

LD1602235496 Moscow INTERFAX in English 2241 GMT 16 Feb 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] VILNIUS, Feb 16 (INTERFAX) — Lithuania expects Russia not to take unilateral actions for oil exploration in the D-6 shelf of the Baltic Sea until the two countries sign an agreement on demarcation of their sea borders, economic zones and continental shelf, Lithuanian Deputy Foreign Minister Albinas Januska told INTERFAX on Thursday [15 February].

He said any unilateral plans to do so would be in breach of international law and would hamper the constructive dialogue between Lithuania and Russia.

Januska indicated that Moscow was also committed to solving any controversial issues in the spirit of cooperation, adding that any unilateral decision making would amount to an escalation of confrontation. If this happens, he said, Vilnius will have to appeal to world public opinion.

He quoted President Algirdas Brazauskas as saying in an annual address to parliament on Thursday that Lithuania was keen to see an early end to the talks on land and sea borders with Russia to help take the D-6 issue off the agenda.

Lithuania: Military Exercise With U.S. 'Subunits' Begins

LD1902212496 Moscow Radio Rossii Network in Russian 2000 GMT 19 Feb 96

[FBIS Translated Text] Three-day exercises of the Lithuanian and U.S. special subunits have started in Kaunas. The exercises are being held under the leadership of the servicemen of the U.S. Armed Forces subunits. They will acquaint Lithuanian soldiers with issues of reconnaissance and winter military campaigns. INTERFAX reports that the U.S. side undertook all the expenses for the maneuvers.

Lithuania: Peacekeeping Unit Departs for Tuzla

WS2002144096 Tallinn BNS in English 1000 GMT 20 Feb 96

[FBIS Transcribed Text] Vilnius, Feb 20, BNS — A 34-strong Lithuanian peacekeeping unit left Monday [19 February] for Tuzla to take part in the NATO-led peace

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implementation mission in Bosnia and Herzegovina as part of a Danish battalion.

An official from the Lithuanian Foreign Ministry told BNS that Lithuania was considering the possibility of replacing the peacekeeping platoon by a 150-strong company in an effort to further the implementation of Dayton agreements. This is most likely to happen in August of this year.

Also, Lithuanians consider the possibility of joining the Swedish military police subunit in their East Slavonian or Bosnian peacekeeping mission and of contributing to EU rebuilding operations in Bosnia.

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